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# ***JPRS Report***

# **Latin America**

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# Latin America

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**First Ambassador From Nicaragua Presents Credentials**

32980128a Belize City AMANDALA in English  
27 Nov 87 p A

[Text] Belmopan, Wed. Nov. 25—The first non-resident Ambassador of Nicaragua to Belize, His Excellency Mr. Oscar Tellez, presents his Letter of Credence to the Governor-General of Belize, Her Excellency Dr. Dame Minita Gordon, at Belize House in Belmopan tomorrow, Thursday, 26th November, 1987.

Before presenting his credentials, Mr. Tellez will call at the Ministry of Foreign Affairs, where he will meet first with Permanent Secretary Mr. Robert Leslie before meeting Foreign Minister Mr. Dean Barrow. Later in the morning Ambassador Tellez is scheduled to pay a courtesy visit on the Prime Minister of Belize, the Rt. Hon. Manuel Esquivel.

Earlier this year, on March 7th, Belize's Ambassador to Central America, His Excellency Mr. Santiago Perdomo, presented his credentials in the Nicaraguan capital, Managua. In July, Foreign Minister Dean Barrow, accompanied by Ambassador Perdomo, made a three-day visit to Nicaragua. During that visit discussions were held with President Daniel Ortega and Foreign Minister Miguel D'Escoto.

Nicaragua was among the first Latin American nations to support Belize's efforts to gain independence. Nicaragua was represented at Belize's independence ceremonies in 1981 and in 1985 Belize was represented at the inauguration of President Daniel Ortega.

Relations with Nicaragua are an important part of Belize's Central American initiative and underscore the pluralism that informs the nation's foreign policy. Belize is working to convince Nicaragua to ratify the Cartagena Protocol, which would give Belize and Guyana membership in the Organization of American States.

/09599

**Banana Production Up; 1.1 Million Boxes Anticipated**

32980128c Belize City AMANDALA in English  
4 Dec 87 p 3

[Text] Belize City, Fri. Dec. 4—"We have the one millionth box of bananas ready for shipment tomorrow, December 5," said Mr. Craig Griffith, Chairman of the Banana Control Board in a telephone interview with AMANDALA today.

"This is 300,000 boxes more than the shipment in any other year of the banana operations. By the end of the year we will have shipped a total of 1,100,000 boxes," said the Chairman.

A total of \$7.4 million US, equivalent to \$14.8 million Bze dollars, will be earned by the exports.

The occasion of the millionth box shipment will be celebrated with a day of merrymaking in Big Creek on Monday, December 7.

"The banana industry is growing at a gratifyingly rapid rate and our projections show that production for shipment will reach 2,000,000 boxes in 1988 with a return of \$13 million US or \$26,000,000 Bze, and 3,400,000 boxes in 1989 with a return of \$23 million US or \$46 million Bze."

When asked about the shipping arrangements to accommodate the large amount of production forecasted, Chairman Griffith said that preliminary surveys and plans have been completed for the construction of a multimillion dollar port facility at Big Creek. It is expected that the facility will be built and become operational by the end of the year 1990.

In answer to this newspaper's question, "To what do you ascribe the dramatic development of the banana industry?", the Chairman's reply was: "To the decision to put the business in the hands of the private sector and the actual privatization of the industry."

/09599



**Poll Shows Lack of Credibility of Politicians, Parties**

33420040d Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 16 Dec 87 p 5

[Text] Belo Horizonte—Politicians in general are the institution enjoying the least credibility with the public, according to a poll conducted in Belo Horizonte by the Vox Populi firm. The results have been published in the bulletin of the Archdiocese of Belo Horizonte, which is circulated weekly in the capital of Minas Gerais. Of the 300 persons interviewed in the poll, 73.3 percent said they did not trust politicians, 22.4 percent said they trusted them a little, 2.7 percent said they trusted them a lot, and 1.6 preferred not to say anything.

Second place on the scale of noncredibility went to the political parties: 62.7 percent do not trust them, 31.3 percent trust them a little, 3.3 percent trust them a lot, and 2.7 percent did not state an opinion. Police occupy third place. Of those polled, 47 percent do not trust our police officers, 28 percent trust them a little, 23.7 percent trust them a lot, and 1.3 percent did not respond to the questionnaire.

**Courts**

Brazilian courts are in fourth place, their score being very close to that obtained by the police: 46.7 percent do not trust them, 27 percent trust them a little, 25 percent trust them a lot, and 1.3 percent did not state an opinion. Fifth place in the poll was occupied by the Armed Forces, which are not trusted by 40 percent of those polled, while 23.7 percent trust them a little, 33.3 percent trust them a lot, and 3 percent did not state an opinion.

**Church**

The church emerges as the institution enjoying the most credibility in the universe covered by the poll, with 55.7 percent trusting it a lot, 27 percent trusting it a little, 16.7 percent not trusting it, and 0.6 percent declining to express an opinion. In second place are the media (radio, newspapers, and television), and among the media, the greatest credibility is enjoyed by newspapers: 23.7 percent trust them a lot, 54 percent trust them a little, 20.3 percent do not trust them, and 2 percent did not answer. Radio is trusted by 22 percent, while 54.3 percent trust it a little, and 22 percent do not trust it. Television is in third place, with 20.3 percent trusting it, 47.3 percent trusting it a little, and 31.7 percent not trusting it. In the opinion of Marco Coimbra, manager of Vox Populi, those results are bad for Brazil. In his view, the lack of credibility on the part of our institutions hampers the existence of a democratic state.

11798

**Poll Shows Dissatisfaction, Lack of Confidence in Government**

33420037 Sao Paulo ISTOE in Portuguese  
23 Dec 87 pp 20-28

[Text] Characterized by an acute economic crisis which in December was pointing in the direction of still another spasm of recession, 1987 is also ending amid signs of a growing pessimism on the part of Brazilians with respect to their immediate future. Moreover, one notes uncomfortably that the citizens' reservoir of patience vis-a-vis their government and their legislators is almost exhausted. The extent of this dissatisfaction and distrust could be measured last week in the tabulation of the numbers of a nationwide poll conducted exclusively for ISTOE by the Brazilian Public Opinion and Statistics Institute (IBOPE). In the poll, 73 out of 100 Brazilians voters do not want President Jose Sarney to serve more than one 4-year term. After presenting him with a massive vote of no confidence (53 percent of those interviewed no longer have faith in their government), Brazilians are already evaluating the best possible candidates to succeed him—a list that for the present is headed by Sao Paulo Governor Orestes Quercia, followed by former Minister of Finance Dilson Funaro.

The president was judged very harshly. Today, only 37 percent of Brazilians have confidence in him; last March, this figure had been 60 percent. His administration is rated as poor or very poor by 40 percent; in March this figure was only 19 percent. On a scale of zero to 10, Sarney received an average grade of 3.6—which by the standards of any school would signify disapproval. "Sarney is doing what he can, but he is caught between the devil and the deep blue sea," says Sao Paulo advertising man Alex Periscinotto. "This is the result of his indecision." Rio merchant Jose Coelho declared emphatically shortly before Christmas as he pointed to his deserted store. "Sarney should have left before now," painter-sculptor Ibero Camargo insists.

In addition to the lack of confidence in the president and the desire to replace him as soon as possible, the IBOPE poll gives other indices that reflect the tone of a difficult year, including the fact that people believe nothing good happened to them in 1987. Moreover, they believe that along with their difficulties Brazilian democracy itself is threatened, and are convinced that only general elections can mitigate this somber picture. "I want direct elections now," says TV host Hebe Camargo, thereby repeating a phrase that generally speaking has been appropriated by political organizations with which she has never identified in the slightest degree. Just as she, 57 percent of those interviewed by IBOPE want to go to the polls in 1988 to elect not only a new president but also the state governors, who have hardly completed 1 year of their term. Fifty percent would rather replace the entire political administration of the country, electing even new federal deputies and senators. This skepticism—which

not only encompasses politicians and government officials but extends to other institutions as well—undoubtedly derives from the fact that perhaps more than in other periods, Brazilian society in 1987 came face to face with its problems and witnessed one impasse after another file past in the show window of the National Constituent Assembly. "There is very great distrust in the Brazil of today, and this is typical of the crisis," says Senator Fernando Henrique Cardoso, PMDB leader in the Senate, commenting on the veritable gulf that has opened up between the government and the people.

Acting on the uncertain assumption that a new president might be able to remove the complicated obstructions that are blocking the way to national progress, the voters have initially indicated their preference for Orestes Quercia, who has displayed undeniable boldness in his administration of the Sao Paulo state government and in his national political positions. IBOPE gave each person interviewed a list of 12 names from among the most prominent candidates to succeed Sarney. These voters then responded—with respect to each of the 12 candidates—as to whether they would a) definitely vote for him; b) possibly vote for him; c) not vote for him under any circumstances; or d) probably not vote. When the "definite" and "possible" votes are combined, the Sao Paulo governor receives 37 percentage points compared to 34 for former minister Dilson Funaro. Former Rio de Janeiro governor Leonel Brizola is in third place with 30 points.

#### Favorable Balance

In addition to these votes, Quercia has scored two other victories. The index of rejection assigned him by the voters is relatively low by comparison with the others: as against his 37 probable votes out of each group of 100 voters, he receives 39 votes opposing his candidacy compared to 45 "no" votes for Dilson Funaro; in Brizola's case, the rejection index rises to 55 points. "I didn't see a single representative of Leonel Brizola try to prevent Minister of Welfare and Society Security Raphael de Almeida Magalhaes take away the equivalent of two minimum wages from my retirement," complains Rio resident Joao Mendes, 57, who has joined the ranks of those who do not want to see the former governor of the state of Rio de Janeiro installed in the presidential palace. Because the balance between the probable votes pro and con is more favorable in his case, Quercia is able—as the campaign goes forward—to make headway with a large number of voters who even if they have not yet decided to vote for him at least do not harbor grievances such as those of Joao Mendes.

There is still another fact in the Sao Paulo governor's favor. Out of each group of 100 voters, IBOPE encountered 24 who said they did not know enough about him (compared to 21 in the case of former minister Dilson Funaro and only 15 for Brizola) and therefore offered no opinion concerning his candidacy. This means that Quercia has room to increase his lead, as he becomes

better known as a candidate. Deputy Ulysses Guimaraes, chairman of the PMDB [Brazilian Democratic Movement Party], is in a much less comfortable position; he is faced with a rejection index of 59 percent, and is unknown to only 15 out of every 100 persons interviewed. Ulysses' rejection index is surpassed only by that of former president Joao Figueiredo, who has a 60 percent negative vote.

Within the spectrum of political parties, Quercia is evenly matched with the most proximate of his political adversaries, especially because his candidacy is finding support in parties other than the PMDB. Within his own party—which according to the IBOPE poll is still the most popular in the country, with 31 percent share of the electorate (followed by the PT [Workers Party] with 10 percent)—Quercia is the preferred candidate, with 46 percent compared to 39 percent for Dilson Funaro, 33 for Mario Covas, and 38 for Ulysses Guimaraes. Outside the PMDB, it is possible that Quercia will not encounter a higher level of difficulties. Of each group of 100 voters of the PT, for example, 36 would not regard their party affiliation as constituting a serious obstacle to their voting for the Sao Paulo governor. Among PT voters Dilson Funaro enjoys more prestige than Quercia, receiving 38 percentage points. Brizola has the support of 31 PT voters and 38 PDS voters, but loses out to the Sao Paul governor among PFL [Liberal Front Party] voters, from whom he received 28 votes compared to 32 for Orestes Quercia. The shift in other parties could be decisive if the presidential elections require a runoff as a result of the fact that no candidate received an absolute majority on the first ballot. This situation serves to enhance the importance of alliances such as those that could be concluded, for example, between the official PT candidate, Luis Inacio Lula da Silva (whose candidacy is not likely to make it to the second "round"), and Senator Mario Covas, who of all the candidates is the one who—except for Lula himself—enjoys the most favor among PT voters. In the eyes of 40 PT voters out of 100, Covas could be a good candidate. In the overall ratings Covas is in fourth place with 29 percent, tied with Minister of Mines and Energy Aureliano Chaves. "Covas is an honorable and logical politician, just as Lula is; Brizola and Ulysses are opportunists and megalomaniacs," alleges Domingos Boldrini, 39, a Rio Grande do Sul civil servant.

#### Beware of a Coup

The inclination to enthrone a new president again next year and—if possible—to replace governors and members of congress who are paralyzed by interminable impasses in the National Constituent Assembly does not conceal the nationwide concern over the political and economic crisis which since the official downfall of the Cruzado Plan last March has shown no signs of improving. One grim indication of this concern can be seen in the fear felt by Brazilian over the possibility of an interruption of the transition to democracy by the traditional recourse to a military coup. Made wary by events

such as the invasion of the city hall in Apucarana, Parana, by a contingent of Army personnel who were demanding higher pay—and also by scattered but vigorous remarks made throughout the year by military commanders—the great majority of those interviewed tend to view a coup from the Right as a real possibility on the horizon of the crisis. Fifteen percent of those interviewed by IBOPE believe this prospect is great; 13 percent believe it is imminent.

"I see clear and dangerous signs of coalition on the Right, as for example between Centrao and the UDR," observes the poet Wally Salomao. "The danger comes from above," is the fear expressed by Zelia Menezes Lemos, 40, a teacher from Bahia. The danger that the coup might come from the Left does not frighten Brazilians, however: 35 percent of those interviewed by IBOPE believe it is slight, very slight, or nonexistent, compared to 18 percent who believe it is great or imminent. "What I see is the Left tearing itself to pieces, devouring itself," says Wally Salomao. Terezinha Bergamo, 33, a social worker from Bahia, observes that "no one has any interest in staging a coup in the present situation; no one wants to be stuck with this chaos in which we are living." PT Deputy Luis Inacio Lula da Silva opines that "the idea of a coup is peddled as a means of coercion. Whenever the PMDB wants to push through some bill, it always warns that there might be a coup."

He may be right, but his argument is not likely to convince the voters that the political situation in Brazil is noteworthy for its stability. "This country is changing with every passing minute," observes—for example—businessman Paulo Paranhos, 43, owner of a computer technology firm with headquarters in Rio de Janeiro. The instability noted by the businessman is a constant concern of 30.9 percent of those interviewed by IBOPE, compared to only 4.7 percent who view Brazil as a nation in equilibrium. "No political sector is demonstrating stability," says journalist Paulo Gabriel, 48, who works for the *CORREIO DO SERTAO*, a newspaper in the interior of the state of Bahia. Brazilian democracy—which is moving at the same uncertain pace—is viewed as very insecure by 33 percent, not very secure by 28 percent, and completely secure by only 3.5 percent of the voters. "I believe that democracy does not yet even exist in Brazil. The president is very repressive," observes a teacher of poultry raising, Jorge Falcao, 28, who—like Gabriel—is from Bahia.

Based on apprehensions with respect to the stability of the Republic and the permanence of the democratic system, some indices show a law of confidence in the government, the politicians, and the political parties—and are frightening, to say the least.

Indeed, few people believe that the federal government is able today to maintain control over the political situation. Almost 50 percent of those interviewed by IBOPE view this control as weak or almost nonexistent, compared to only 11 percent who find the level of this control

to be satisfactory. Nor do Brazilians believe that the government has any greater ability to solve social or economic problems. With respect to social problems, the skeptics number slightly more than 40 percent, and an equal percentage attributes to the federal administration little or no power to solve economic problems. "I concur fully; the situation is truly very unstable, and the government is weak," Senator Mario Covas observes. "Brazil grows at night, because the government causes less confusion then," declares Joao Eliseo Ferraz de Campos, president of Bamerindus Insurance and former governor of Parana.

The lack of confidence in the ability of the government to manage the nation's affairs applies equally to the politicians and their parties. The profile of public opinion constructed by IBOPE reveals, for example, that an overwhelming majority of Brazilians do not attribute the slightest degree of truth to the words of the members of Congress, whose work in the National Constituent Assembly is viewed as fair to very poor by more than 50 percent of the voters—of the voters, that is, who pay attention to the complicated confrontations to which the deputies and senators have devoted themselves in recent months. For the truth is that of every 100 persons interviewed, more than 50 admitted that they had not followed the progress of the drafting of the new Constitution. "The members of Constituent Assemblies do not have national constituencies; they are their own constituencies," opines the economist Miguel Colasuonno, former mayor of Sao Paulo. "Authoritarianism disorganized our political life, and this gave rise to weak political parties and ignorant politicians," says Senator Jose Richa, PMDB, of Parana. "Moreover, turmoil and a lack of confidence in politicians as a class have always been characteristics of transition processes."

According to these citizens, the work of the political parties is not satisfactory and contributes little to a resolution of Brazil's problems. More than 37 percent of those interviewed by IBOPE rate this work as only fair, while another 14 percent rate it as poor and 16 percent as very poor; only 17 percent rate it as good or very good. "What we are seeing in the Constituent Assembly is a struggle among groups over their own interests," opines Bahian merchant Paulo Reis, 37. Antonio Candido, 47, a Rio Grande do Sul bootblack and former city councilman of the former MDB [Brazilian Democratic Movement], disagrees. "I still have faith in politicians," he says.

It is quite true that the opinion expressed by the voters is often based on no criteria. For although they have formed an opinion regarding the work of the members of the Constituency Assembly—while at the same time admitting that they have not followed the progress of the drafting of the new Constitution—Brazilians in general have not been able to understand some of the principal debates waged in the Constituent assembly, as for example the one concerning the system of government.

Although 13.5 percent of them opted for the parliamentary system and 23.3 percent for the presidential system, more than 80 percent did not know what the parliamentary system is, and 74.4 percent did not know what the presidential system is. Sao Paulo advertising man Eduardo Meireles hazards the opinion that "the problem is not one of culture; it is also one of a lack of interest." But even if they do not know the current definitions of the parliamentary system and the presidential system, Brazilians clearly manifest an interest in having a system of government that is based on a balance of powers—and they desire it as a means of helping to solve the crisis. Of those interviewed by IBOPE, 45.3 percent believed that the president and the Congress should share the power to make the decisions regarding the nation's affairs.

10992/06662

### **Constituent Assembly Majority Said To Favor 5-Year Term**

33420040c Brasilia CORREIO BRAZILIENSE  
in Portuguese 15 Dec 87 p 3

[Text] Despite the decision by the Constituent Assembly's Systematization Committee—which has approved a 4-year term of office for the current president and a parliamentary system of government—President Jose Sarney is again able—since yesterday—to dream about a 5-year term for himself and a presidential system of government. According to the poll results delivered to him yesterday by the LPM (Surveys, Polls, and Marketing), the majority of the Constituent Assembly's members oppose a 4-year term for the current administration and are favorable to the current 5-year presidential system.

In the opinion of one minister—through whom CORREIO BRAZILIENSE gained access to the poll results—those results are due basically to President Sarney's attitude of indifference to those questions since the decision by the Systematization Committee. Since that decision was made, Sarney has said repeatedly that he will not interfere with the Constituent Assembly and that he will respect its decisions, no matter what they are. According to the same minister, the poll—which is being carefully studied by Planalto Palace's political advisers—indicates clearly that the president should continue to devote himself calmly to the job of administering the country, since there will be no elections in 1988.

### **Poll**

The LPM poll whose results have been turned over to the president was conducted during the period between late November and early December, when 406 members of the Constituent Assembly were interviewed. Of that total, 48 percent said they favored a 5-year term for the Sarney administration, 42 percent were favorable to a 4-year term, and 10 percent said they were undecided.

On the question of adopting a parliamentary system of government, the majority of the 406 members who were interviewed—55 percent—said they opposed the idea. Forty percent of those polled said they favored the cabinet system, while only 5 percent said they were undecided.

Of the members opposing a 4-year term for President Sarney—and therefore favoring a 5-year term—88 percent favored a 5-year term for the current administration, 8 percent expressed support for a 6-year term, and 4 percent gave other answers.

11798

### **Emergence of 'Group of Understanding,' Its Impact Discussed**

33420039b Rio de Janeiro O GLOBO in Portuguese  
20 Dec 87 p 7

[Text] Brasilia—Without disputing the political importance of the "Group of Understanding," formed by constituents of the Center and Center Left, the leaders of the Big Center assure that they will not lose the absolute majority in the Constituent Assembly (280) as a result of the emergence of the new group, as the "progressives" have predicted. At most, they admit losing 21 members to the "Group of Understanding." However, the coordinators of this bloc declare that the figure has already reached 29, without counting the Minas Gerais PFL [Liberal Front Party] bench (10), which is leaving the Big Center. In all, the bloc may already have 130 constituents.

Daso Coimbra (PMDB [Brazilian Democratic Movement Party]-Rio de Janeiro), coordinator of mobilization of the Big Center, acknowledges that there have been defections, but he downplays the losses.

"They could come to the 21 that we sent away before the last vote. They could also have 120, but these are not our members. The Big Center will still have 319 constituents."

Aside from questioning the figures released by the "Group of Understanding," Daso argues that the new bloc is quite heterogeneous.

"Some really want to build something like a consensus, with proposals that are even similar to ours, while a half-dozen are only out to destabilize the Big Center."

Deputy Alceni Guerra (PFL-Para), one of the coordinators of the "Group of Understanding," declares that his bloc is growing more than expected, not because of recruitment efforts but because of the attractions it offers.



"There are many individuals who are spontaneously seeking out the 'Little Center,' for a simple reason: it is a good idea. The group advocates conciliation and shuns the belligerence of the extremes."

#### **Alceni: Purpose Is Not To Weaken Adversary**

Brasilia—Deputy Alceni Guerra denies that the objective of the "Group of Understanding" is to weaken the Big Center.

"The Big Center is weakening by itself. The truculence in some of the votes and the delay in the voting on the Internal Regulations have driven many constituents away from this group. We don't need to look for recruits in the Big Center. They are coming to us naturally. It is up to the Center to try to prevent these defections."

Daso Coimbro assures, however, that the "Group of Understanding" is exaggerating in its assessments.

"Sandra Cavalcanti came to our members and issued an invitation. 'Let us go to the library and look at the amendments of the Group of 32.' Of course, everyone went, including me, but this does not mean adherence. I even said that I agreed with the amendments, because they are the same as ours. The rest is a joke. If they have 120 constituents, let them demonstrate this. I said I had 280 and I demonstrated it."

One basic difference between the two groups—aside from the ideological profile—is in the method of action. Whereas the Big Center drafts its own amendments, included in complete substitutions by chapters, the "Group of Understanding" works with texts drafted by several groups.

Alceni Guerra explains: We are a political articulation group; we are not going to produce a new text. Our objective is to arrive at proposals of consensus."

Despite this openness, the "Group of Understanding" has its own line. The objective is to draft a liberal constitution, guaranteeing conquests for the workers, but without the excesses approved in the Systematization Committee.

06362/12913

#### **Lula Announces PT Presidential Candidacy, Program**

33420036a Sao Paulo FOLHA DE SAO PAULO  
in Portuguese 7 Dec 87 p A-4

[Text] Brasilia—Deputy Luis Inacio Lula da Silva (Sao Paulo), 42, who announced yesterday that he is the PT candidate for the presidency of the republic, said that he will give his campaign a "class connotation," and will try to show that "socialism is not a bugaboo." His party's program calls for putting the private banks in the hands of the state, redistribution of income via the taxation of

profits, and the establishment of a bloc of Third World countries to deal with their foreign debt problems. Lula proposes a "new society" instead of the New Republic.

The first official candidate for the presidency to be announced by any party, Lula received the unanimous acclaim of the 450 delegates attending the Fifth National Rally of the PT, which ended in Brasilia yesterday. In an amiable self-criticism of his campaign for the governorship in Sao Paulo in 1982, Lula said that the PT has learned from its past "errors." "Now, in a campaign such as this one, we must not adopt a vanguard mentality."

He said that in 1982 he committed the "biggest blunder" of his life when he presented himself on television as a former tailor's assistant and lathe operator, a trade-union leader who had served a prison term and had a fourth-grade education, all under the slogan "a Brazilian just like you."

Lula set forth only generic ideas concerning his program as a candidate. He criticized the U.S. retaliation against Brazil, and said that if he were president, his response would be to nationalize some large American international company in Brazil immediately. On the subject of the Northeast, he promised "to put an end to the poverty industry" and to prevent dams and irrigation projects from being carried out "on the lands of the rich exclusively."

He emphasized that he is the first working-class candidate for the presidency in the history of Brazil, and that he will therefore face resistance. "The political culture of the country is not prepared to understand a former lathe operator running for the presidency of the republic." The campaign of the PT, he said, will have as its goal "educating the young and planting a seed."

The PT will also establish a campaign committee and define its policy on alliances with other parties. One possibility is the creation of a leftist front with the PCB, the PC of B and the PSB for the first election round. On the second, there may be an agreement with the PDT, if Lula is excluded from the contest and the former governor of Rio, Leonel Brizola, is still in the race.

The PT campaign will be launched tonight with the obligatory program to be aired on national radio and television. Lula will speak as a candidate at the two meetings scheduled to be held this month in connection with the 1988 elections. The first will be in Rio de Janeiro on the 11th, and the second in Diocese Square in Sao Paulo on the 13th.

#### **PT Recognizes Clandestine Movements**

For the first time in its history, the national leadership of the PT has officially admitted that there exist within it autonomous clandestine political groups or "movements" (a term created to make the participation of these clandestine groups within the party viable). This was the

main decision pertaining to the internal organization of the party approved at the Fifth National Assembly of the PT, which ended yesterday in Brasilia.

The motion on "regulating movements," which was approved by a majority of the votes of the 450 delegates present, was sponsored by the "Articulation" slate endorsed by the party leaders who were replaced yesterday. The two other slates, "Base-Level PT" and "Socialist Struggle," joined together on the final vote but failed to defeat the slate endorsed by the leadership. The result was 204 votes for the "Articulation" slate and 147 against.

The issue which proved most divisive at the national assembly of the party was that pertaining to how the organizations and clandestine groups sheltered within it could coexist within the party.

The text approved represents a concession to the clandestine groups and parties, to the extent that it admits their existence, but it includes a series of demands. To organize a "movement," the members will have to submit a document to the leadership of the PT setting forth their goals and revealing the names of their officers.

In practice, FOLHA has learned, the groups known as Socialist Convergence and the Communist Revolutionary Party (PRC) were excluded from the definition of the term "movement." The Trotskyite ADS and Labor groups were accepted under that definition, although they have an internal organization similar to that of a party, because they regard the PT as a "strategic" and not just a "tactical" party.

The "Articulation" slate also defeated a motion which would give the "movements" proportional representation on the executive board of the party. One of the political solutions to this issue may be found at the next meeting of the national officers on 16 and 17 January, when individual representatives of the "movements" may be asked to become members of the board.

The votes for the new national board of the PT (81 members) elected yesterday were distributed as follows: 63 percent of the votes, electing five individuals, for "Articulation;" 25 percent of the votes, electing 20 individuals, headed by Deputy Jose Genoino (Sao Paulo), for "Socialist Struggle;" and 13 percent of the votes, electing 11 individuals, headed by Deputy Eduardo Jorge (Sao Paulo), for "Base-Level PT."

05157

#### **Businessmen Divided on Presidential Term, Direct Elections**

33420040b Brasilia CORREIO BRAZILIENSE  
in Portuguese 15 Dec 87 p 6

[Article by Roberto Custodio]

[Text] Sao Paulo—As they wait expectantly for the work of the Constituent Assembly to proceed, possibly with adoption of that body's internal rules, top business

leaders are divided on the institutional issues. Some are calling for general elections in 1988 with a parliamentary system, while others support a 5-year term for President Jose Sarney. "We are divided on that issue," admitted the chairman of the Sao Paulo State Federation of Industries (FIESP), Mario Amato, at the conclusion yesterday of a meeting by the Informal Businessmen's Forum, which brings together the top business leaders from various sectors of the country's economic life.

The chairman of the FIESP declined to reveal his personal stand on that issue, explaining that any opinion he might express might be interpreted as the thinking of the organization he heads. He was referring to his colleagues in the FIESP and at the forum itself, where that subject, along with the effects of the fiscal package about to be announced by the Federal Government, was discussed yesterday morning. Mario Amato, who by all indications is in favor of a 5-year term for Sarney, has already discovered that part of the FIESP's leadership takes the opposite position: Carlos Uchoa Fagundes, director of the Department of Statistics, and Claudio Bardella are in favor of direct elections as soon as possible. Bardella would even like to see elections as soon as the Constituent Assembly completes its work, and he is not keeping that opinion a secret. Uchoa Fagundes has gone even further, saying that he does not expect the economy to improve until the scope of the Constituent Assembly is decided.

Opinions among the forum's members are divided. During yesterday's meeting, which involved the eight members of that body, two members said they were definitely in favor of elections in 1988. They were Eduardo Rocha Azevedo, chairman of the Sao Paulo Stock Exchange, and Abraham Szarzman, chairman of the State Federation of Commerce. The former wants general elections at the conclusion of the Constituent Assembly's work, and the latter wants direct elections for president, municipal councilmen, and mayors. "We feel that this situation cannot remain undecided either politically or economically," said Szarzman, while Rocha Azevedo took a more radical stance: "We want elections at all levels so that there will really be changes both as regards the issue of government and as far as solutions to the economic problems are concerned. We are still waiting for those solutions."

Three other businessmen—the chairman of the FIESP, the chairman of the Federation of Agriculture (Fabio Meirelles), and the chairman of the Commercial Association (Romeu Trussardi)—were more cautious in their assessment of the political picture, telling the others that they preferred to wait for the Constituent Assembly to decide concerning the president's term of office. "The issue is not only the president's term of office; there are also the economic questions. The president is not to blame for the situation. As a matter of fact, I feel that we have reached this point precisely because of too much democracy. The president has been very much a democrat," said Amato, who also said that what interests the

businessmen is definite rules for operating in the economic area. He said: "It is only by allowing people to work that we will solve the problem."

11798

### **ENGESA Negotiates Sales of Armored Vehicles to Middle East**

33420036b Sao Paulo FOLHA DE SAO PAULO  
in Portuguese 8 Dec 87 p A-6

[Article by Roberto Lopes]

[Text] ENGESA, a Sao Paulo company which manufactures two well-known armored vehicles on wheels, the Cascavel and the Urutu models, is negotiating sales of its medium tank, the Osorio, and its lightest and most recent armored vehicle, the Jararaca, to four countries in the Middle East. This enterprise has already signed the documents pertaining to these vehicles, the so-called "protocol of intention," with Libya, Abu Dhabi, Saudi Arabia and a country on the Persian Gulf the identity of which is being kept strictly secret.

Libya is studying the possibility of purchasing 100 small vehicles with caterpillar treads of the Jararaca type, which could be used for reconnaissance missions, light transport and medical aid. The other three countries are interested in the Osorio, and Abu Dhabi wants a specific tank model, the P-1.

#### **The Osorio Model**

The ENGESA hopes to sell 530 of the Osorio model to the Saudis, five times the number estimated by the War Materiel Department (DMB) of the Army at the beginning of the second half of the year, but still far fewer than the 1,000 which, a little more than a year ago, the company itself hoped to place in Saudi Arabia.

The ENGESA management believes that the contract with the Saudis might be signed in May of 1988, but it would like to complete the negotiations with the Libyan Army first. The expectation at the enterprise is that the sale of the Jararacas might be completed as early as February of next year, with the armored vehicles being shipped in lots of 10. However, the ENGESA is concentrating its efforts on a secret sale of 400 Osorio tanks to the Persian Gulf nation.

#### **Chile**

The EMBRAMIL, the Brazilian enterprise which handles the 81 mm Swiss rocket system for RWK artillery saturation fire, called the "Vagalume" (Firefly) in Brazil, will bring out this weaponry in Chile in the second half of March. A launcher and a rocket complex including various types of explosive charges will be shipped direct by air from Switzerland to the Chilean air base at El

Bosque, near Santiago (the Chilean capital) where yet another International Air Fair (FIDA), the most important aeronautical event in Latin America, will be held in 4 months' time.

The EMBRAMIL, which has its headquarters in the state of Rio de Janeiro, wants to sell the Vagalume to the Chilean Army, which already has the tanks on which the Swiss Army has installed this system. The Rio de Janeiro company believes that business may pick up next January, even before the FIDA.

The marketing director of the EMBRAMIL, Roberto Ricardo Izzo Pinto, will travel to Nicaragua this Friday to attempt to interest the Sandinist Armed Forces in the 81 mm rockets, as a part of a package of military equipment which will also include radios and mine detectors.

#### **Prices**

A Vagalume rocket launcher with 30 tubes costs approximately U.S. \$350,000 today, and the cost of a rocket ranges between U.S. \$1,800 and U.S. \$2,500. The EMBRAMIL has purchased the patent on the RWKs and is now planning to develop a factory for their mass production in Rio de Janeiro.

The company, which is headed by Adm Almara da Fonseca, retired, attempted to interest the Sao Paulo AVIBRAS, which produces the famous Astros-2 system rockets, which Iraq is using in its war against Iran, in this business, but was unsuccessful. The Swiss rockets are of a much smaller caliber and range than the AVIBRAS rockets, but they will compete for a rather similar portion of the market.

However, the marketing officials at EMBRAMIL do not believe that their business can overtake the AVIBRAS sales, because they have information indicating that the contracts for the manufacture of the Astros-2 for Iraq, as well as the sales which may be concluded with Saudi Arabia (which approved the AVIBRAS system at the beginning of the year), contain exclusivity clauses. In other words, sales of the Astros-2 cannot be negotiated with other armies.

05157

### **Iraq Reported Interested in Purchasing SS-300 Missiles**

33420036c Sao Paulo O ESTADO DE SAO PAULO  
in Portuguese 16 Dec 87 p 6

[Text] Stockholm—Iraq may shortly purchase from Brazil missiles which can carry explosive charges over a range of 300 km. This information was obtained from Aaron Karp, a member of the International Peace Investigations Institute. He said that the Brazilian missiles can even carry nuclear warheads, as well as chemical weapons. "This is only one aspect of the alarming expansion

of ballistic-missile technology among the nations of the Third World," Karp, who is with the Commercial Investigations Department of that institute, warned.

Among the nations which are producing or purchasing missiles and rockets, he mentioned Argentina, Iran, Libya, Syria and Pakistan. "The project involving the Brazilian missile, the SS-300, is apparently being financed by Iraq and its allies. The Iraqis have been informed about the progress of the project and testing of it, and they are ready to purchase the missile when it is put on the market in 1989 or 1990," Karp said. He compared the SS-300 to the Soviet SS-1, stating that the Brazilian weapon meets the minimum requirements for carrying a nuclear warhead. "The Brazilian missile seems to be a copy of the Soviet model. It can easily carry 500 kg over a distance of 300 km, and can also strike a target with great accuracy."

This expert said that "Brazil, Argentina, India and Israel have well-developed programs in the ballistic-missile sector, and they are prepared to export their technology or sell the finished products to other nations in the Third World. In this connection, Israel is supplying projects in South Africa, while Brazil, in an operation worth millions, is exporting rockets."

[by Roberto Godoy]

The detailed Sipri study of the Brazilian SS-300 has two basic shortcomings. It is not up to date and it is factious. The missile program, reported by O ESTADO and JORNAL DA TARDE for the first time in December 1986, did not involve any investments from Iraq. But the Armed Forces of that country are in fact one of the most probable potential purchasers of this new weapon developed by AVIBRAS Aerospacial in Sao Jose dos Campos to meet Brazilian Ministry of Army specifications.

The Iraqi government is interested in the product for several reasons. The main one is that it has already made extensive use of Brazilian military equipment in its 7-year war against Iran, including the Astros II multiple-rocket launcher, supplied by this same company, AVIBRAS, in several models with a range of between 15 and 70 km. Another decisive factor is the limited number of manufacturers of conventional nonnuclear missiles. Strictly speaking, only the Soviet Union has a regular production line for export, with the less sophisticated Scud and Frog models. Similar undertakings are under way in France (Project Moby Dick), the United States (simple versions of the Lance or its derivatives) and Germany. Strategically, the generals in Baghdad want to establish a new source of supply outside the USSR, and one with more modern specific technology.

05157

**Government Prohibits Sale of Arms to Nicaragua**  
*33420036d Sao Paulo O ESTADO DE SAO PAULO*  
*in Portuguese 15 Dec 87 p 11*

[Text] The Brazilian government is prohibiting the sale of weapons to Nicaragua pursuant to a policy dating back to 1978, when that country was still under the control of the dictator Anastasio Somoza. This statement was made yesterday by officials at the Ministry of Foreign Affairs. This would seem to put an end to the hopes of the EMBRAMIL enterprise to sell 81 mm missiles to the Sandinist Army.

"The Itamaraty Palace has received no inquiries in this connection recently from any of the enterprises regularly authorized to engage in this type of commercial operation, which must be registered with the Ministry of Army," these officials said. They explained that with the intensification of the Sandinist offensive in 1978, Anastasio Somoza attempted to purchase the Cascavel armored vehicles manufactured by the ENGESA, but this operation was prohibited, and the same position has been maintained since that time.

The missile which would be supplied to Nicaragua is not in reality manufactured in Brazil. It is a weapon with very simple technology developed by the Swiss Oerlikon group. The Brazilian enterprise is reported to be negotiating with the Swiss group for the transfer of technology. The missile did not sell well in Europe, and as a result, it is thought that the Oerlikon will be offered for sale on the defense market to the countries of the Third World. And it is said that a partner is being sought.

05157

**Sarney Views Debt Negotiation, New Fiscal Measures**  
*33420040a Rio de Janeiro O GLOBO in Portuguese*  
*22 Dec 87 p 3*

[Interview with President Jose Sarney on 21 December 1987 by reporters accredited to Planalto Palace; place not specified; first 11 paragraphs are O GLOBO introduction]

[Text] Brasilia—President Jose Sarney said yesterday that he had vetoed the fiscal measures proposed by former Minister of Finance Bresser Pereira because they "pointed to recession" and he did not want to eliminate firms as a way of cutting public spending, since that would be "deception." Sarney said he was happy with the attitude of the PMDB [Brazilian Democratic Movement Party], which was not trying to influence selection of the new minister, and he recognized that the system in use so far "has not been good for the administration or for the country."

In an interview with reporters accredited to Planalto Palace, the president said he would not choose Bresser's replacement until after 4 January, following his return



from Sao Luiz. He emphasized that the government's policy on negotiating the foreign debt would not change as a result of Bresser's departure, and he stressed that domestically, he was not going to adopt measures that would lead the country into a recession. Concerning the former minister's criticisms of the administration, Sarney was emphatic:

"Friendships must be respected even after they end. That is a rule I have never violated. So I do not wish to comment on anything concerning the period when Bresser was minister. That was a time of mutual trust, and for my part, I cannot say anything about it except at the risk of being guilty of a lapse in ethics."

Sarney emphasized that he has tried to carry out a program that is not just a PMDB program but also a program of the Democratic Alliance and that the basic point in that program has been no recession. He sidestepped the question of whether the new minister would be a businessman, which is what his advisers have been considering, and also said nothing to reinforce speculation that he would keep the acting minister, Mailson Nobrega.

The president said that the measures he signed yesterday were intended to keep public revenues from being eroded by inflation, "just as they, naturally, are eroding wages and the entire economy." And he defended himself against the former minister's criticisms.

"At no time did I decide to tax wage earners and not to tax capital. On the contrary, I want to say that a tax on capital already exists. That tax is levied at the source. It was suggested to me that the tax be increased with respect to shares, dividends, and interest income."

Concerning the president's term of office—which, according to Bresser, is worrying the president more than the economy—the president emphasized that he has not discussed the matter since the Systematization Committee reached its decision. In response to the former minister, he said he had never taken the initiative in discussing politics with Bresser. He only talked about it at the latter's instigation. During the 20-minute interview, Sarney repeated several times that he did not want any measures of a recessive nature.

"During that period and recently, I realized that it would be better for us to enter a controlled recession than to move toward a high level of inflation. I then expressed my considered opinion that we must reject something worse than inflation, and that is stagflation: a recession with high inflation," he added.

Sarney also pointed out that in taxing short-term financial investments, the administration was choosing to combat speculation and "not those who are really dedicating themselves to production at a time when the country needs to invest in order to avoid a recession."

With Bresser's proposal in his hand, Sarney was vehement in explaining why he had vetoed the proposals to cut expenditures by eliminating a number of government-owned enterprises. He announced that he had already requested "a serious study of overlapping agencies" and would "step in firmly wherever we can make cuts that will have a significant impact in reducing the public deficit."

Concerning Bresser's proposal to eliminate firms, Sarney said that the Northeastern Drilling and Boring Company had already been eliminated and its employees transferred to SUDENE [Superintendency for Development of the Northeast]. In his opinion, the proposed eliminations would not significantly reduce the public deficit.

"I felt that we should carry out a more thorough study and cut out whatever is superfluous rather than present a list that really does not mean anything. Presenting such a list would mean showing the public something just to make it look as though we were doing away with a few companies."

#### Interview With President

[Question] What measures have been taken in the fiscal area? Have they met the need to reduce the public deficit?

[Answer] They are aimed precisely at controlling the public deficit and rationalizing the economy to a somewhat greater extent. We are striving basically to avoid an outbreak of greater inflation and maintain the country's rate of economic growth.

[Question] Why did you decide to tax wage earners through a decree-law rather than submitting a bill?

[Answer] There was no taxation of wage earners. On the contrary. We reduced the wage earner's payment by 7 percent. The thing is that the tax schedule is corrected every year, and we corrected it. The correction proposed to the president was on the order of 200 percent, and I considered that insufficient precisely because, naturally, it would increase the range of rates for those wanting to make investments. I increased it to 250 percent, and that is a fair measure—a fair figure. All we have had is an adjustment relative to inflation. Inflation does not only cause wages to deteriorate; it also causes a deterioration in public finance. And I felt that the rates of 200 percent would penalize the wage earners.

[Question] Former Ministers Dilson Funaro and Bresser Pereira resigned from the administration saying that they were doing so because they had tried to apply part of the PMDB's program to the economy but that the administration would not go along. Bresser even challenged you with a countdown to see whether the administrative reform to cut spending would succeed. Do you accept the challenge? Will the next minister of finance not have a political party?

[Answer] Friendships must be respected even after they end. That is a rule I have never violated. I do not wish to comment on anything concerning the period when Bresser was minister. That was a time of mutual trust. I cannot say anything about it except at the risk of being guilty of a lapse in ethics. What I can say is that I have really tried, since the start of this administration until now, to carry out a program that was not just a PMDB program but a program of the Democratic Alliance. The basic point in that program has been no recession. So I have been trying by every means never to let the country enter a recession. Because if it enters a recession, there will be unemployment, and if there is unemployment, there will really be terrible consequences for us. We already know what a recession is like and what it means. The fiscal measures that were presented to me struck me as pointing to recession. I have some experience with fiscal measures. I remember very well that in 1985, when we had fiscal measures aimed at cooling down the market, what those measures did was stimulate the market even further. And now that the market is slowing down, we will inevitably wind up in a recession if we further reduce funds, wages, and the funds available to firms for investment. During that period and more recently, I realized that it would be better for us to enter a controlled recession than to move toward a high level of inflation. I then expressed my considered opinion that we must reject something worse than inflation, and that is stagflation: a recession with high inflation. We must struggle to see that inflation really remains at compatible levels, but we cannot do so to the extent of saying that we must combat inflation by throwing the country into a recession. I will always struggle to keep the country from entering a recession. With that in mind, I was trying here, during the period in question, to ensure that those fiscal measures would not point toward recession or be recessive in character. I feel that by doing so, I was carrying out the program we had advocated during the campaign.

[Question] In commenting on Minister Bresser's departure, the chief leaders of the PMDB have said that they no longer intend to influence the choice of a minister of finance. How do you view that new attitude by the PMDB in relation to the administration—in relation to the administration's economic policy? Would you say that the PMDB has increased its distance from the administration or that the administration has increased its distance from the PMDB?

[Answer] I am beginning to realize perfectly that President Tancredo Neves was very correct when he said that two cabinet members must have the exclusive confidence of the president: the chief of the Civilian Household and the minister of finance. Those two posts are basic if there is to be unity in the administration. Until now, I have been trying to listen to the parties and reach agreement with them, but I recognize that that has not been good either for the administration or for the country. I am happy that that view is shared by the two parties supporting the administration.

[Question] Would it be easier to administer the economic policy?

[Answer] I feel that it gives more unity to the administration, especially an administration which had the character of a coalition.

[Question] Ever since the Broad Center demonstrated its strength, Planalto Palace has stopped issuing statements about the Constituent Assembly. To what extent might the Broad Center form a new base of support for the administration?

[Answer] I have always considered the Broad Center to be a movement in Congress that extends across party lines and includes various trends of opinion. I just think it is a rallying of the full body in opposition to a few tendencies on the part of a congressional committee. I don't see any other way of looking at it.

[Question] Would it be possible to define the profile of the minister of finance—the ideal minister of finance? Would he necessarily have to be a businessman?

[Answer] I will have to give that a little thought before answering.

[Question] Basically, what in the economy is going to change as a result of the fiscal package?

[Answer] The fiscal measures that have been adopted are aimed precisely at keeping government revenues from being eroded by inflation, just as they, naturally, are eroding wages and the entire economy. We are certain that we have one of the lowest tax burdens in Brazil's history. The state currently has access to only 10 percent of the potential tax burden. That will absolutely become less and less adequate if the state is to fulfill its mission, which is not only to provide services but also, in Brazil, to maintain the country's infrastructure as a whole. If it is unable to invest, it will lose its dynamism and we will wind up in the kind of crisis that the Brazilian state was in at the end of the 1950's. And obviously, we must have funds in order to fulfill the state's purpose. If we are going to demand that the state provide services, we must also provide it with the conditions for providing them.

[Question] How did you react to the statements that everyone in Planalto Palace is worried about terms of office instead of the country's economic situation?

[Answer] As soon as the Systematization Committee made its decision, I stopped talking about the term of office. When I did talk about it, I did so, as I have said, in strict fulfillment of my duty, feeling that my proposal was a better solution for the country. I have never presented it in personal terms. And furthermore, I never talked politics with Minister Bresser except at his instigation.

[Question] What about the debt problem: where do we stand now? Are we back where we started? Are you going to wait for the new minister? Or are you going to reinforce the original group of advisers so as to maintain some degree of stability in negotiations with our creditors?

[Answer] We will continue negotiating the debt as we are doing now. It is obvious, of course, that every minister has his own style. It may be that the new minister's style will differ from that of his predecessor. But the policy will not change. We are going to have to stick to our policy of negotiating the foreign debt. Something else I feel we can emphasize is that we cannot pursue a domestic economic policy or complete the things we are doing here in terms of domestic economic policy as though we were anticipating intervention by the IMF in the 1980's.

[Question] Are you referring to a policy of recession?

[Answer] To a policy of recession, obviously.

[Question] But the fiscal measures might suggest that, might they not?

[Answer] When they were proposed in their entirety, they were recessive in character.

[Question] Those measures are being published today, are they not?

[Answer] I signed the measures yesterday. That is, the ones we agreed on. At no time did I decide to tax wage earners and not to tax capital. On the contrary, the tax on capital already exists. That tax is levied at the source. It was proposed to me that the tax be increased with respect to shares, dividends, and interest income. But it seemed to us that doing so would be a move toward slowing down the country's entire industrial plant. Rather than placing that tax on capital, we added a more important tax. We signed a measure taxing short-term investments—those with a term of 28 days, since those investments are absolutely speculative in nature. I feel that that is the direction in which we must move. In other words, we must combat speculation, not the people who are really dedicating themselves to production at a time when the country needs to invest in order to avoid a recession.

[Question] But isn't that going to cause interest rates to rise?

[Answer] No. On the contrary, I feel that by combating speculation we are combating speculative capital.

[Question] What about the cut in government spending? When will it start?

[Answer] I did not approve it because I felt that we would be deceiving the Brazilian people if we pretended that we were combating the public deficit by eliminating, for example, the Northeastern Drilling and Boring Company. That company has already been eliminated, and even worse, its employees have been transferred to SUDENE, where their pay has been increased. Colonia is a land settlement company carrying out an IDB program, and this month it is issuing 80,000 land titles as part of the settlement program. It was established back in the time of Superintendent Celso Furtado. It is a tiny enterprise but fulfills a very important social function. It is not Colonia which is increasing the public deficit. The Northeast Handicrafts Company is a company whose driving force is the teacher Vitalino, so I don't think it is increasing the deficit, either. If SUDECO [Superintendency for Developing the Center-West Region] is eliminated, the entire Center-West Region will be punished. Others are the Bank of Roraima, the Educate Foundation, and the National Fund for the Development of Education. As for the Petronio Portela Foundation, I think it has five employees, and its chairman, Jose Mindlin, receives no pay. The National Food and Nutrition Institute does extraordinary work in the social area. And then there is the National Department of Drought Control [DNOCS], which has been combating drought in the Northeast for 78 years. It has a reservoir, irrigation structures, and an organization for training personnel and helping farmers in every town and every municipality. To eliminate an organization of that kind, we would have to come up with a plan for closing it down, not just give the impression that we were doing so. There were other organizations on the list—there were 15 of them. I felt that we should carry out a more thorough study and cut out whatever was superfluous, not come up with a list that means nothing. Presenting such a list would mean showing the public something just to make it look as though we were doing away with a few companies. I refused to do that. Beginning in January, we will conduct a serious study of overlapping agencies and step in firmly wherever we can make cuts that will have a significant impact.

[Question] What about the state-owned enterprises?

[Answer] We are issuing a decree limiting wages in the state-owned enterprises so as to establish a rule. Pay in the state-owned enterprises is currently way out of line with the pay received by government employees in general. As one of the measures in the plan for containing the budget, we are moving firmly to privatize sugar exports and transfer the CEASA's [State Supply Centers] and the CBTU to the states.

11798

**PETROBRAS Sets New Production Record**  
*33420039d Rio de Janeiro O GLOBO in Portuguese*  
*17 Dec 87 p 25*

[Text] On 13 December, PETROBRAS [Brazilian Petroleum Corporation] achieved a new record for national production of petroleum and natural gas, registering a

high of 615,878 barrels per day, slightly over 50 percent—51.32 percent—of the daily consumption of 1.2 million barrels.

The figures were released yesterday by Wagner Freire, PETROBRAS director of production and exploration, who reported that, of the total, 431,191 barrels per day were produced by the offshore petroleum platforms and 184,637 barrels were produced from existing land wells.

The record production registered by PETROBRAS, bringing Brazilian production closer to the goal of self-sufficiency, was occasioned by the entry into operation of the Namorado Leste field and completion of the restoration work on several wells in the Campos Basin, where production set a new record on 13 December, at 374,809 barrels per day.

With this record, the national average production of oil and gas during December, to date, is 608,551 barrels per day. The producing states responsible for the record achieved on 13 December were: Rio de Janeiro, with 374,809 barrels per day; Bahia, with 86,182 barrels; Rio Grande do Norte, with 58,527 barrels; Sergipe, with 53,495 barrels; Ceara, with 16,926 barrels; Espirito Santo, with 14,605 barrels; Alagoas, with 10,466 barrels; Parana, with 843 barrels; and Maranhao, with a daily production of 25 barrels.

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#### **DIEESE Survey Cites Growing Unemployment, Wage Losses**

33420039c Rio de Janeiro O GLOBO in Portuguese  
22 Dec 87 p 19

[Text] Sao Paulo—Despite the slight recovery of the employment level in the last months of the year, because of active trading and the Christmas holidays, 1987 may still be characterized as a year of crisis, in which there was a great spread of unemployment and deep cuts in wage earners' incomes.

Between January and November of this year, about 143,000 people lost their jobs in Greater Sao Paulo, according to the survey "Employment and Unemployment in Greater Sao Paulo," conducted by the DIEESE [Interunion Department of Statistics and Socioeconomic Studies] and the SEADE (State Analysis System Foundation).

The total of new jobless in 1987 equals the sum of the jobs created between January and November 1986 (77,000 positions), during the Cruzado Plan, and between January and November 1985 (70,000 positions), according to DIEESE technical director Walter Borelli.

According to the DIEESE estimate, the total number of unemployed in the seven municipios of Greater Sao Paulo is 698,000 and this figure is expected to grow in the early months of 1988, because of trade difficulties and the decline in industrial activity.

Between January and November 1987, the unemployment rate in the region surveyed grew 24.7 percent. In the same period in 1986, this rate declined 13.7 percent and in 1986 it declined 16.3 percent.

Along with the rising level of unemployment, there was also an increasing decline in the income of people employed in greater Sao Paulo (salaried workers or self-employed). Average real income declined 37 percent for self-employed and 34.7 percent for wage earners.

The largest number of layoffs between January and November 1987 occurred in industry, which dismissed 211,000 workers. Another 90,000 individuals were added to the so-called economically active population (PEA) of Greater Sao Paulo, which numbers 7.67 million. For the year, commerce showed a growth of 14 percent in the level of employment, hiring 44,000 people.

According to the DIEESE economists, the minimum wage at the end of 1987—3,600 cruzados—is the lowest since it was created in 1940. Adjusting for the original value of the minimum wage in the era of its inception, the economists arrive at a current value of 9,6000 cruzados; however, taking into account the basic market basket to which every worker is entitled, DIEESE declares that the minimum wage should be 22,700 cruzados.

06362/12913

#### **Sao Paulo Metalworkers Union Head Defends Negotiation**

33420039a Rio de Janeiro O GLOBO in Portuguese  
20 Dec 87 p 47

[Interview with Luis Antonio Medeiros, president of the Sao Paulo Metalworkers' Union, by Milton Horita, date and place not given; first four paragraphs are GLOBO introduction]

[Text] "Unite to make things better." According to Luis Antonio Medeiros, president of the Sao Paulo Metalworkers' Union, the largest in latin America, this is the formula by which, next year, Brazil will be able to shake off the pessimism and resume the path of development. In his opinion, workers, businessmen and intellectuals must unite in a concerted effort to resist the "dictatorship of the executive."

Medeiros claims, however, that the posture of the businessmen is the principal obstacle in arriving at a clear understanding among the social forces. According to

Medeiros, the problem starts when the business class does not understand its function as catalyst, through investments that entail risk but which are necessary for development.

Medeiros received his political training in the cadres' schools of the PCB [Brazilian Communist Party], first here and then in Moscow (a privilege reserved for the most outstanding party militants). Since he became president of the Metalworkers' Union, he has cultivated the reputation of a leader who is not concerned with maintaining the tradition of the old union banners, raised in the beginning of the 1960's.

Medeiros knows that his position would have counted for nothing in the 1960's, "but today my positions represent the real Brazil."

O GLOBO: Isn't striking to keep the multinationals in the country kind of a poor position for a union leader to take?

Medeiros: Listen, I am not an economist, a politician or an intellectual. So when people ask me how I propose to solve the problem of inflation or income redistribution in the country, I always say that, if I knew, I would not be here, I would be in Brasilia. Now, what I do know, what I understand, is what the factory worker is feeling and experiencing. What I see and feel is that the worker's purchasing power is shrinking and it is not hard to understand that his purchasing power will go up to the extent that there is development. When I said I would strike to keep the multinational in the country, I meant that I would also strike to have the multinational invest more, much more in this country. It was a protest.

[Question] Do you defend free enterprise?

[Answer] I defend what I call the real Brazil, the Brazil that wants to grow and get richer, and the businessman has a fundamental role in this process. He must have initiative, the initiative that we are taking to try to work together to achieve something better for the country. In reality, our businessmen do not have initiative. In my various meetings with them, I always ask how much they are investing in their factories and the answer is always "nothing." No one is investing. What kind of businessman is this, that he refuses to practice what he preaches so much—free enterprise—and does not want to take risks? Investment today is a question of patriotism.

[Question] The businessmen are in the habit of saying that they are not investing because of insecurity with regard to the government.

[Answer] Look, the businessman has to put his money into production: it is simple. Now, the businessman criticizes the government, but many times I see him going to the very government which he criticizes so much to bail him out. Let's have none of this. The role of government is to come up with solutions to social

problems and only social problems. It must provide for education and health. If the businessman does not invest, the country will not get out of the hole. He must have the courage to face the risk.

[Question] What did 1987 represent to you? As head of the largest union in Latin America, how is it that you take different positions from those of the average union leader? Don't your positions make you a prime target for [allegations of] cooptation?

[Answer] Taking things as a whole, I can say that, in 1987, Brazil lost the institution known as Brazil. It lost it because we have not managed to solve our problems. Various plans did not work out and the government is weak. But, in the midst of all this, the society is undergoing a very rapid process of maturation. And this is where I place myself; this is what is new. This is not cooptation and anyone who wants to use this outmoded practice will not succeed, because the country as a whole has changed, it has changed a great deal. Workers, intellectuals and businessmen often arrive at common positions because they understand that the dictatorship of the executive must stop. Sectors are uniting more and more in saying that the goal is economic growth. The sectors are beginning to come together and to say these things without demagoguery.

[Question] But the labor movement as a whole has not taken this same position and has even turned up its nose at your positions.

[Answer] The labor movement has also matured. If you notice, the CUT [Sole Central Organization of Workers], the CGT [General Workers' Central] and the independent sector, in which I include myself, have begun to look at Brazilian issues in a professional way. Some more, some less. My role in this has not been by some miracle. I was the fruit of the ripening of the whole labor movement.

[Question] Why did you defend positions—let us say common, with the previous management of the union, when the composition of the leadership was based on party criteria?

[Answer] I was simply obliged to say—I was living within a process that was different. Now that I am president of the largest union in Latin America, naturally what I say has immediate repercussions. And the effect has been in this sense of maturation.

[Question] You were trained within the framework of the communist ideology. What the change?

[Answer] The era of the dazzling ideal has already passed. I reiterate. The era has passed when the intellectual was manipulating the social movement according to his ideas. This has passed. The segments of the society must have their own spokesmen. Now, I arrived at this after much education. Life has taught me that growth in

important for social progress. It happens that, in most cases, the political processes lead people to lose sight of the concrete and immediate goals of the workers. I understand that society must set out toward practical goals. It is in the very nature of things for people to do this. This new process will turn Brazil into a truly viable country.

[Question] But relations between labor and capital are still very difficult, aren't they?

[Answer] I admit this. They have improved a lot, but obviously they are still difficult. The obstacle is the businessman, who is timid and who does not take the initiative. We are the ones who are taking the initiative. Any benefit must be a two-way street. If it is good for the worker, the worker rolls up his sleeves and produces more. They are wrong when they say the Brazilian worker is lazy and wants all the advantages. Profit-sharing, for example, is the best way to get the worker to roll up his sleeves.

[Question] Have you already reached some agreement of this kind?

[Answer] In the beginning of next year, I am going to sign a profit-sharing agreement. The positive thing about this agreement is that it will be the first one to be negotiated entirely between the parties to it, with the participation of all the workers. With this agreement, 15 percent of the profits will represent a "grana" [red flag] for the workers.

This is what I mean. The businessman has often given in to pressure, because he had no choice. This is not what I want; what I want is that everything be negotiated, without need for radical action. This is why I am optimistic about 1988. Even if the government does not want it, we are going to grow; the majority is not going to allow itself to be led by extremists and is going to try to negotiate. The worker is not lazy. He gets up at dawn and only goes home at nightfall. Is that lazy? We have enormous potential and what is shaping up is that the segments of society are going to join ranks and forge ahead.

[Question] What is your message to the workers for 1988?

[Answer] That they all roll up their sleeves in 1988 to push pessimism aside. We are going to be realistic, each one taking care of his own part, taking the national interests into account. Despite the government, we must have confidence.

[Question] What do you think about the strike?

[Answer] It is a legitimate weapon of the workers, a right. Now, a strike is like a sky rocket. Either it explodes in the sky and everything is lovely or it explodes in our hands and blows off our fingers. When a strike does not make good sense, it blows up in our hands.

06362/12913



**Religious Affiliations, Tensions in Military Analyzed**

33480054b Santiago ANALISIS in Spanish  
28 Dec 87-3 Jan 88 pp 14-15

[Article by Myriam Pinto: "Its Own Church?"]

[Text] A veritable "intestine war," in the authors' own words, is reportedly being waged in the practice and experience of religion within the military and security forces. The increased presence of the Evangelical Church, the weakening of Catholicism, and the reaffirmation of a uniformed Catholic Church based on a militarized theology that practically excludes Jesus from its discourse and portrays God as a "super warrior," all are revealed in the book "Religion in the Armed Forces." The book was written by researchers Humberto Lagos, a sociologist and attorney, and Arturo Chacon, also a sociologist, of the Evangelical Program of Socio-Religious Studies (PRESOR).

It could be said that with the results of this research, obtained after gathering and compiling a thousand and one pieces of data over a 4-year period, the two sociologists have shed light on the mystery that had surrounded this issue. Indeed, they have managed to debunk the officially sponsored image of religious experience—particularly in the Chilean Army—that was portrayed as fully accepting of an all-out, traditional Catholicism that served the objectives of the "military being."

"The religious phenomenon in the military is inspired by contradictions, by theological and ecclesiastical situations," the authors state in their book. Throughout the study they deal with the issues of the Catholic and Evangelical Churches, highlighting a sort of crusade between the two and at the same time within each of them.

**Symbolic Battles?**

The sociologists reach the conclusion that the Catholic option remains the official one in this sector of Chilean society, but they emphasize certain peculiarities that give it an "institutional physiognomy." "The uniformed Catholic Church has turned the military and security forces into the last bastion of the unification of church and state in Chile," contend the authors.

In analyzing this church, they use terms such as pre-Vaticanist, anti-Protestant, anti-Masonic, and anti-ecumenical.

This uniformed Catholic Church, which portrays God as a combatant who loves order and discipline and actively promotes respect for the authorities of the regime, diverges from the official episcopal church. In this regard, Humberto Lagos explains that the Armed Forces through this church exalt the Virgin of Carmen and the Trinity to the detriment of Jesus, who spoke very clearly

about love for one's fellow man, love for one's enemy, repaying evil with good, and not killing, "a discourse that does not jibe with the National Security Doctrine," according to Lagos.

The uniformed church is very different from the civilian Catholic Church, adds Lagos. While the latter defends and promotes human rights and advocates the return to democracy, the uniformed church is a firm supporter of the divinity of the dictatorial power that is now in place. "Moreover, as a way of punishing the attitude of the civilian episcopal church, which is committed to the dignity of those persecuted by the regime, the authoritarian political program is beginning to establish contacts with some Evangelical churches, especially those of the Pentecostal tradition. It allows them to operate freely within the institutions, a situation which certainly disturbs the uniformed church," adds Lagos.

The Evangelicals in the military and security forces belong to the de facto organization called Uniformed Evangelical Mission (MEU), which joins together the Evangelical churches of the Air Force, the Navy, the Army, the Carabineros, the Gendarmerie, and the civilian police.

Among the outstanding characteristics of this church are its anti-Catholic, anti-ecumenical, anti-Marxist positions. At present there are seven Evangelical chaplains with the rank of reserve lieutenant.

The statistics confirm the sudden Evangelical surge. The number of adherents in uniform amounts to 15 percent, with the Army containing the most, 7,900 in all, followed by the Carabineros with 3,500.

The regime practically officialized the Uniformed Evangelical Mission by approving its plans for internal proselytizing, given that it had proven to be a church that serves the regime uncritically, a mute church that does not get involved with human rights or current issues.

Nevertheless, according to Humberto Lagos, it is wrong to say that the Evangelical churches totally support the government. In Chile there are about 500 legally recognized Evangelical churches, but only about 20 of them, or at least their leaders, support the regime unconditionally.

With regard to Catholicism in the Armed Forces, sociologists Lagos and Chacon warn of a crisis, arguing that Chilean Catholicism faces a schism that will create a religious island in the military institutions. "We are witnessing the emergence of a parallel Catholic Church, the Military Vicariate, which has its own bishop, its own priests, and the possibility of establishing its own seminary as a means of avoiding ideological interference that would damage the official ideological structure of military and security institutions," they indicate. In fact, the Military Vicariate was elevated to the rank of bishopric or ordinariate, according to the Spiritual Militum Curae

### Religious Affiliation

	Permanent Corps	Conscripts
Catholic	84.2%	79.9%
Evangelical	7.8	13.6
Other	1.1	0.9
None	6.9	5.6

Source: OSORE Survey, 1983

Apostolic Constitution, the rank approved by Pope John Paul II on 21 July 1987. Of the 29 Military Vicariates in the world, 12 are located in the Americas.

### Militarized Theology

In a detailed analysis of the content of various public speeches by Gen Pinochet and Msgr Jose Joaquin Matte, the military vicar, sociologists Lagos and Chacon emphasize that we are seeing a militarized theology expressly designed to legitimize the military actions taken subsequent to the coup. They point out, later on, that Gen Pinochet has become part of the sphere of the sacred, establishing a direct discursive relationship with the sphere of the divine. They confirm this argument with the publication and analysis of each speech. One example is what Gen Pinochet pointed out in NEWS-WEEK Magazine in 1984 when he talked about "obtaining his power from God."

The coup d'etat, according to Gen Pinochet's logic (the authors of the book say), "magically" transforms the struggle between real and concrete actors (Marxists and soldiers) into a symbolic battle which pits, for example, the sacred against the profane, good against evil, life against death, God against Satan. And Gen Pinochet and the Armed Forces assume the position of positive axis in this confrontation. "The coup is a trial conducted by God in which Gen Pinochet portrays himself as a mediator between God and Chileans," stress the specialists.

In the face of this sanctified military structure, a new morality has emerged, in the authors' view. This morality accepts as valid conduct everything done by the military and security forces, and condemns as unethical any conduct in opposition to that. All that opposes the military (Marxism, Socialism, Atheism) is rejected and relegated to the category of the symbolic perversities directed by the Devil, they contend.

In sum, the book "Religion in the Armed Forces," which will be issued soon by "America Reunited Literature" (LAR) and by PRESOR, demonstrates very clearly that although it was the traditional anti-ecumenical and conservative Catholic Church that provided ideological grist to the military and security forces, today it faces practical problems with the emergence in the Armed Forces of a dissident church that opposes Catholic officialism. In

other words, explains Lagos, the historic ideological hegemony of Catholicism in the Armed Forces "is broken." Finally, the researcher points out, these religious tensions within the military and security forces are adding a disruptive element that complicates the interior dynamics of these forces. This element is the "unexpected" result of the officialization of evangelical activities in the military as compensation for loyalty to the regime.

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**Economists Review 1987, Project Outlook for 1988**  
*33480054a Santiago APSI in Spanish*  
*28 Dec 87-3 Jan 88 pp 24-28*

[Article by Elena Gaete and Bernardita Aguirre: "The Good, the Bad, and the Plebiscite"]

[Text] After the severe depression of 1982 and 1983, and at the end of a 4-year period of steady growth, the neoliberal economic model has managed to regain the overall production level it had attained during the boom years, prior to the crisis. The first ones to join in, and apparently the ones who are most satisfied with the recovery, are the government itself and businessmen. Among the latter, those in the export sector stand out.

Nevertheless, the aftermath is still being felt strongly in the rest of the population, particularly among workers. Critics of the system, major international organizations such as the Inter-American Development Bank (IDB), the Economic Commission for Latin American and the Caribbean (ECLA), and even some members of the economic team have all acknowledged that the figures for consumption and per capita income are far below where they were 5 or 6 years ago.

Perhaps that is why the overall results for 1987—which, according to ECLA estimates, yielded a growth rate of 5.5 percent—have been severely criticized. From the standpoint of wages, there has been no recovery; on the contrary, there has been a downturn. In addition to this deterioration, inflation climbed higher, up to 23 percent according to some estimates.



This and another Achilles heel that is related to external factors were at the center of the debate on the panel "Looking Back at 1987, Looking Ahead to 1988," which was organized by APSI on Tuesday the 22nd. The following economists participated: Gerardo Accituno, of the Labor Economy Program of the Academy of Christian Humanism; Alvaro Bardon, a partner in the consulting firm Gemines; Ernesto Edwards, of the Center for Development Studies; Manuel Marfan, of the Corporation of Economic Research for Latin America (CIEPLAN); Ricardo Silva, chief of national accounts for the Central Bank and adviser to Minister Hernan Buchi; and Andres Varela, of the Alejandro Lipschutz Institute of Sciences.

Bardon: "Nineteen eighty-seven was the fourth year of growth in the Chilean economy after the recession. It will probably continue growing at a rate of 5.5 percent, and under conditions of stability, without major disturbances in the balance of payments. Inflation did rise a little because of a somewhat exaggerated monetary policy in late 1987, but it is still reasonable by traditional Chilean standards.

"The growth is proceeding in a way that pleases planners, with a strong expansion of investment and exports. The country's external image as a place to conduct business is improving a great deal, and the strategy pursued by the authorities in maintaining order in the economy has been a big factor in that.

"The other important ingredient is the management of the debt. In one way or another, the growth of exports and the GDP, plus the devaluation of the dollar, mean that Chile's real debt is shrinking. Moreover, it is being reduced by the note transactions.

"All social indicators are good. Critics may emphasize, however, that wages have only gone up a little, and that is true. But employment has risen: in the last 2 years it has undergone quite strong growth. In addition, consumption is growing at a slower pace.

"I believe that the government has had a little luck, something that we have been needing in our economy for many years."

Varela: "I tend to agree with Bardon on some points. I think that for Bardon's friends, 1987 was indeed a good year. He is right. The external debt is in the process of being paid off. The people in the banking sector must be happy. I think that Angelini, Luksic, and the Matte group are also happy. I believe the candidate also had a very good year; he has ammunition for his campaign. He was lucky, as Bardon would say, for the second year in a row, because before he had a drop in oil prices and interest rates."

Bardon: "And he is still having good luck."

Varela: "But I definitely think all those people had a good year. The problem is, what about the rest of Chile? I agree with Alvaro Bardon: Wages are not only stagnant, but actually fell by a real rate of 1.6 percent as of the latest survey by the National Institute of Statistics (INE). Although employment as a whole rose by 2 percent, the labor force grew by 1.4 percent. So the unemployment rate is in fact declining, but it is because the labor force is not expanding by very much.

"In general, I agree with Alvaro Bardon in the sense that for some people, probably his friends, the planners, this was a good year. The sad thing is that for some to grow in this model, others have to see their situation deteriorate. In other words, this is the kind of economy that grows on the basis of the poverty of the majority. Moreover, the growth has been slower in the last few months of the year in comparison with the beginning of the year. Other economies are really taking off, like Cuba's."

Bardon: "Which . . . Cuba's?"

Varela: "The Cuban economy. It really is growing."

Bardon: "Now that's news. Put it there!"

Varela: "It's Fidel Castro, not I."

Silva: "Nineteen eighty-seven will indeed yield a growth rate of about 5 percent, perhaps a few points higher, a maximum of 5.5. Now, to round out the picture, if you add significantly to investment and exports (given that the GDP has climbed, as I said, by 5 to 5.5 percent), consumption will have to suffer, unless there has been some increase in imports. In fact, imports are rising considerably.

"Consumption this year will move at around 5 percent; the increase in investment will be greater than 16 percent; imports will be 7 percent higher, and exports 6 percent. This means that in arithmetical terms, everything will even out.

"This year we have had a surplus in the balance of trade amounting to about \$1 billion."

Varela: "It is lower than that. I think it is \$897 million."

Silva: "In November it was \$897.6 million. Yes, it will probably be right around \$1 billion. Something similar is occurring in the fiscal area, where there are also no imbalances that could mean a small time bomb in the future, as there are no significant needs for financing here. Therefore, the Treasury is not an agent that is pressuring interest rates upward. The financial system in general is quite well regularized. My impression of 1987 is rather good."

Marfan: "In the first place, I would say that the most important factor has been an active, unorthodox monetary policy that has strayed quite far from the Chicago concept. The fiscal policy, on the other hand, has been very conservative throughout all these years, with an absolute decline in current spending in 1987. Incidentally, that category includes the bulk of social spending.

"In the first quarter of the year, there was a partial reversal of the trend that had been seen in the immediately preceding months. Domestic interest rates began to rise, some of the purchasing powers of the Central Bank were eliminated, and economic growth slowed down. Another major setback was that real wages began to fall again. That was how 1987 ended, with important changes. A sharp recovery early in the year and a performance that was more—what is the right word?—let's say more melancholy . . ."

Varela: "Precarious . . ."

Marfan: "More precarious toward the end of the year, and in my opinion, unnecessarily so. Apparently the government may be saving some reactivation capacity for 1988."

Aceituno: "It would appear that we are ending the expansive phase of the cycle that began in 1984. Now we have a rising inflation rate, a modest employment situation, a deteriorating distribution of income, and a significant decline in wages.

"All of this in a country that in the last 7 years has grown at an average rate below 1 percent a year, which makes for added uncertainty at the close of the year. In short, I believe the situation in 1987 represents a contrast with that of the previous year, because the macroeconomic indicators, from one quarter to the next, reveal downturns with an inflation rate that is difficult to explain."

Edwards: "One thing about this year that really draws my attention is the strong growth of imports, approximately 30 percent, with a 5-percent jump in the GDP. This means that the country remains extraordinarily vulnerable to the external sector. Fortunately, that rise in imports is sustained this year by the higher price of copper.

"Investment, in my view, is lagging behind, because some sectors are already having capacity problems. An investment rate of 17 percent is not enough to maintain a 5-percent GDP growth rate.

"One extremely sensitive area is inflation, which is due this year to the excessive expansion of the money supply and also to the rather obstinate adherence to mechanisms such as the dollar and the 'unidad de fomento' (UF). In short, I would like to conclude by saying that this year's growth has been satisfactory but inequitable, from the standpoint of the distribution of its benefits.

Moreover, it has gone from more to less. We are going from more to less to invest heaven and earth next year, to coincide with Gen Pinochet's campaign."

### Projections

Bardon: "I think that 1988 should be very similar to 1987. The growth rate will be similar. In general, I believe that the management of the economy has been good. But there is one point that disturbs me: the expansive policy of the Central Bank. Since I am a monetarist, I believe that in the long run these measures result in more inflation or more imports.

"For the time being, I do not foresee more risks; I see no reason why the economy should not continue the trend of 1987."

Varela: "The whole situation of the Chilean economy that is being projected implies a gamble on what is happening abroad. I think that what is in store for us internationally, as a result of the stock market crashes, is the plummeting of the world economy.

"And nothing will happen here? That is false. For example, the figures that say 17 percent inflation—I would like to know how they arrive at that. We estimate from 21 to 25 percent for 1988.

"I believe that 1988 will not be an ordinary year, and I do not believe that what will happen toward the second half can be estimated econometrically because there are too many elements of uncertainty. For example, the price of copper is an element that in my opinion is strictly speculative. To bet everything on the price of copper is to speculate with the economy and with the wellbeing of Chileans. The most certain outcome is that the effect of the crisis will be postponed in the short run—as is happening now. No matter what happens in 1989, they will be able to promote the plebiscite.

"This economy, which is portrayed as something merely technical, has a political backdrop which is characterized these days by the general's campaign, in order to create a spirit that cannot be based on any reasonable calculation by any respectable economist. I agree with Edwards: The sad thing is that we are mortgaging our future, because the management of the economy in 1987 is characterized by the transnationalization of the economy to history with that mark."

Silva: "For 1988 we project a growth rate of 3 percent, with an increase in consumption of 5 percent. Exports and imports will rise by 5 percent as well. The country will continue growing as it did in 1987, because there are no major imbalances on the horizon.

"The program has been designed within the context of a situation of external financing. On the fiscal front, the situation is also relatively similar to that of 1987, because the deficit is shrinking. From the standpoint of

its internal and external composition, the upshot is that the state is getting rid of its debt, becoming a supplier of resources rather than a demander of them.

"As for international conditions, the estimates for 1988 are based on a significantly lower price of copper. No one can contend that the price of copper will remain at its current level, and that is why the program for 1988 is based on prices of about \$0.75. Thus, from that point of view, I am relatively conservative.

"With regard to the rest of the external sector, projections call for an increase in physical exports. In sum, there is no excess of optimism, nor any excess of caution that would indicate a severely austere economic program. Predicting a growth of exports of 6.5 to 7 percent is not excessively optimistic nor extremely pessimistic, if we bear in mind that part of the increase in physical exports is concentrated in the non-copper area."

Marfan: "It is important to point out that the adjustment policies of recent years have been limited to the macroeconomic, fiscal, and exchange spheres, which have very strong regressive effects on the distribution of income. Monetary policy is being pursued in an unorthodox manner which favors the financial system. Thus, those who pay the costs of the adjustment are not the same people who receive the benefits.

"Apparently, there will be no change in 1988. It is possible that the government will take advantage of the current situation to achieve short-term effects on real wages and inflation, which will give it a situation of wellbeing that suits its political objectives. Fiscal policy will remain conservative, with an important shift toward the housing sector during this special year.

"As for monetary policy, the time has come to show a few signs of expansion. This moment has to do, in my opinion, with non-economic variables.

"To sum up, 1988 does not appear to be different from 1987, but there is tremendous uncertainty with regard to what will happen later, as a consequence of the definancing of the balance of payments and the problem of the notes on the foreign debt. Although they may indeed provide some relief in the short term, in the long run they may lead to serious consequences."

Accituno: "The year to come will be marked by what amounts to the continuation of the current recessive phase, because of the international recession and the measures taken by the Chilean authorities. In this regard, I doubt they are willing to tweak the nose of this recessive adjustment phase, as confirmed by the 1988 budget.

"With respect to the official estimate of a 4-percent growth rate, the question is which wage policy is compatible with this estimate. With the new international situation, the adjustment will probably cease depending on exchange parities and will depend more on interest rates. There will probably not be excessive inflationary pressures in 1988."

Edwards: "Nineteen eighty-eight will be characterized by the political situation, as that will be the predominant issue. The economic situation for 1988 is already defined, I believe, with an acceptable growth rate of 4 percent.

"As far as the external situation is concerned, I believe it is not as bad as has been asserted here; the growth rate of the U.S. economy will not drop too sharply, considering that President Reagan must deal with an election. I think the international adjustments will more likely occur in 1989, when there will be a Democratic administration in the United States.

"The external prospects for Chile are not at all unfavorable: It is not likely that the price of copper will fall; I think it will remain high during the first 6 months. Therefore, the application of the program that has been designed will not be threatened by anything major.

"The electoral situation will definitely affect 1989, as will Pinochet's political needs. And there is where I see possible tensions between his economic team and him, because his political needs may go beyond what the team deems prudent for maintaining macroeconomic balances.

"Nevertheless, all of this should be viewed within the context of the past 14 years of military rule: the loss of national sovereignty, greater inequality, the loss of buying power for many, and gains for others. But even though this is a summary of the past 14 years, we must remember that people vote with reference to the short term, and this short term shows an upward trend that has been handled with intelligence and technical skill."

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### **Raul Castro Tours Guantanamo Province**

*FL220458 Havana Television Service in Spanish  
0100 GMT 22 Jan 88*

[Text] Raul Castro, second secretary of the PCC Central Committee and FAR minister, has visited Guantanamo Province for several days. He noted the progress of important economic and social projects underway, mainly in the mountainous zones, which cover over 75 percent of the Guantanamo territory. [Video shows Raul Castro overlooking an open field with binoculars and meeting with a group of people.]

The first vice president of the Councils of State and Ministers began his agenda by presiding over a meeting on ongoing projects and the outlook for water resources. The participants of the meeting discussed the need to make available the necessary water in the valley of Guantanamo, the largest flat land area of the province. Among the main ongoing projects, under consideration, or in a planning phase, are the Caujeri Valley, Guanta divertor and its canals, and Esperanza, Casimba, Guazo Abajo, Yateritas, Yuraguana, and other enterprises. It was also reported that steps are being taken to build more waterworks enterprises and projects in Guantanamo, which only has those few facilities.

They also considered the need for a complete study of the Maisi-Guantanamo coastal strip, and the continuation of studies for the exploitation of hydroelectric power of the Toa River. Another matter analyzed was the installation of micro-, mini-, and small hydroelectric plants, which show a promising outlook in this mountainous territory.

During his 5-day stay in Guantanamo, Raul visited the municipalities of Yateras, San Antonio del Sur, Maisi, Baracoa, and Imias. At the first one, he was briefed on the municipal agricultural enterprise. Specifically, he was given details on forest activity, especially with regards to the appropriate varieties most suited to the characteristics of the area and the most beneficial. As for the new agricultural structure, he inquired about the reduction of administrative staff and the direct involvement of technicians and engineers in production. At Mulata Highway, which is under construction and will link Yateras, San Antonio del Sur, and Baracoa, the FAR minister viewed the location of water projects in the area which are under construction and planning.

Quintin Diaz, administrator of the mechanized Bernardo dairy, gave Raul details on the unit, which was recently built to provide fresh milk for the children from the sierra.

Another area he visited, was one of the EJT [Youth Labor Army] camps where he spoke with workers, officials, and soldiers. Nearby, he admired a bridge over the Toa River which was built over 50 years ago without using any steel.

On his first visit to the only rock zoo in the world, the second secretary of the PCC Central Committee spoke with Angel Inigo, its creator, who explained how he got involved in the art of sculpture and about his entirely empirical training. Approximately 2 million people have already visited the peculiar zoo, which is already 10 years old and has 182 sculptures.

During his tour to the easternmost province of the country, Raul noted the touristic value of the Guantanamo territory's mountainous scenery, which can be seen from the various highways under construction. He suggested that the ongoing measures for the protection of the environment be strengthened.

0558

### **Organized Thievery at State Enterprises Described**

#### **Theft, Black-Market Sale of Fuel**

*32480048 Havana MONCADA in Spanish  
Nov 87 pp 60-62*

[Article by Teresa Valdes]

[Text] "Hello, who is speaking? Is Damaso there, please?"

"This is Damaso."

"Hello, this is Mauricio, the driver on Route 3042. I'm at the Tropicana service station. Write up a routing sheet for me to make this trip legitimate; I'm already unloading the tanker."

"You're crazy! I never authorized any trip over there. You know that unit is not in the plan."

Click.

Mauricio walked slowly out of the office of the Tropicana gas station, located at 41 and 72, Marianao. For him, the gas station had become a trap with no way out. He had been caught red-handed depositing 8,000 liters of regular gasoline in the underground tanks of the center, which was closed for repairs.

A few moments earlier, he had shown the authorities a fake pass, handwritten in ink, to try to account for the 26,840 liters he was carrying, of which he had 18,840 left. The gasoline had come from the Oil Derivatives Production Enterprise at the Nico Lopez Refinery. It was then seized by the National Revolutionary Police.

That night, the joint investigation conducted by Crimes Against the Economy officers and officials of the Service Station and Distribution Enterprises of the Cuban Petroleum Institute (ICP) yielded its first results. The investigation had been carried out in the capital for the purpose of determining who was siphoning off large quantities of gasoline and then selling it on the so-called black market.

At the time of his arrest, driver Mauricio Dominguez was accompanied by Luis F. Garcia, yard chief of the producing enterprise and one of the main protagonists in this episode.

He was the one who had taken advantage of his administrative capacity to authorize various illicit trips by means of an official document drawn up for each load of fuel.

But the theft of gasoline from tanker trucks could not be the work of a single man; other accomplices were Bernardo Torres, chief of loading; Orlando Pruna, shift chief of distribution; and hundreds of loader-drivers who by mutual agreement set up a veritable system for thievery.

When Luis F. Garcia found out that some gas stations were happy to accept clandestine deliveries, he made arrangements with different drivers to participate in the business with the promise of handsome profits at no risk.

For each trip, they would receive a cash payment that would vary from 300 to 1,500 pesos, depending on the capacity of the vehicles. It should be noted that each heavy truck was capable of transporting between 7,000 and 26,000 liters of regular or special gasoline, which are sold to the public at 0.27 and 0.32 pesos per liter, respectively. Since this fuel was not listed on the invoices, even though the price paid by the average citizen did not change, the proceeds from the entire load ended up in the criminals' pockets.

When he realized that while he ran the risk, the drivers made more profits than he did, Luis F. Garcia decided to get to know the entire network of gas stations where the gasoline was deposited and participate personally in the deliveries. That proved to be his undoing.

#### **Where Did Phantom Tankers Come From?**

The Oil Derivatives Production and Distribution Enterprises of the Ministry of Basic Industry participate in the official distribution of fuel to guarantee the supply of these products to the nation, and particularly to the networks of service stations, retail stores, restaurants, transportation terminals, urban buses, and other businesses in the province and city of Havana.

At the Nico Lopez Refinery Production Enterprise, the fuel is loaded onto heavy vehicles, classified as "pailas" [large tankers] or "pipas" [small tanker trucks], depending on their size, belonging to the Distributing Enterprise. When the loading is completed, each driver must

take the routing sheet with the itinerary to be followed and the A-6 form, which specifies the amount of fuel, whether it is regular, special, or diesel, and the final destination.

This form was divided into four parts: the stub, the exit pass, the payment statement for the cashier, and the payment statement for the driver. All were attached in order, and the driver was supposed to submit them as the established transactions took place. He kept only the routing sheet and the exit pass so that he could show them to the corresponding authorities: the National Revolutionary Police or whatever inspectors demanded them.

Police officers determined from their investigations that these steps were not followed; sometimes the officials involved consented to these violations, and other times the loaders were aware of lax controls throughout the system and simply were too lazy to do anything about it.

The Distributing Enterprise, for example, did not have inspectors to check the drivers' documentation.

The A-6 forms and the routing sheets were not properly attached, and blank forms were left lying around where anyone might have access to them.

There was not the least bit of monitoring to ensure the official shipment of products that did not have invoices. In fact, there was no internal procedure to compare the copies submitted by the drivers at the loading docks with the exit passes, although both documents were to be collected by the yard chief, without further verification.

At Terminal 221 of the Nico Lopez Refinery, there were no meters to determine the exact amount of fuel that was being loaded into the vehicles. As a result, it was nearly impossible to know how much was dispatched for sale. Statistics were compiled on the basis of the data received from the Distribution Enterprise.

The volume of the tanks was not measured; in other words, there was no way of knowing how many cubic meters they contained.

Consequently, neither the yard chiefs nor the loaders nor the distribution chiefs nor the drivers were monitored effectively by any administrative body of the enterprises involved. Indeed, some drivers drove the tank trucks home at night without detection.

#### **Begin Again**

In order to clear up this situation and determine which individuals were responsible, police investigators interviewed witnesses and questioned arrested suspects, as well as inspecting the scene of the crime. They also gathered expert evidence, fake passes and A-6 forms, and other falsified documents. In this manner, they put together the Preparatory File for Case No. 610-86, in which charges of embezzlement were filed.

The police investigators, 1st Lt Jose Rafoso and Sgt Maj Barbara Martinez, worked with the 71 defendants, who were charged with embezzling, acting as accomplices, or receiving the goods. The two investigators gathered data on the case to turn over to the courts.

Some of the phantom tanker loads were purchased by managers of gas stations, such as Raul Aguilar of the Rotonda de Guanabo unit; Francisco R. Marin of the Rotonda de Cojimar; and Claudio Enrique and Ernesto and Eduardo Valladares, who worked at the 10 de Octubre and Lagueruela, Ayestaran and Pedro Perez, and Los Elevados garages, respectively.

Once the fuel had been delivered, these managers conspired with the gas station attendants to sell the gasoline, and with the mechanics to alter the pumps and disconnect the meter. After official sales were subtracted from the total, the money resulting from clandestine sales was divided up among everyone, including the supplying driver.

At the urban bus terminals, the oil was treated in a similar manner. When the route driver found out that the warehouse chief would delegate his responsibilities to the attendants who operated the pumps and would not verify the exact amount of fuel received, although he would sign the delivery documents as if they were correct, a surplus amount would be kept and distributed to the clandestine networks.

Taking advantage of lax controls and deficient measurement of cubic meters, the culprits would alter the levels for the receipt of alcohol and kerosene on the documents. This enabled them to distribute the surplus to stores, supermarkets, and restaurants in some municipalities of the capital, particularly in Boyeros.

Other drivers who were employees of the Electrical Construction and Maritime Enterprises, the Equipment Enterprise of the Construction Ministry, Engineering Projects Construction Enterprise (ECOI) No. 23, and others, were also involved in skirting controls. By mutual agreement with Bernardo Torres, chief of the loading dock at the refinery, they would receive petroleum not officially assigned to them.

While receiving money and vouchers from their respective enterprises to buy fuel in the consumer service-center network, they were also receiving free fuel. They paid the loader 100 to 200 pesos, and they kept the rest.

As for the vouchers, they would be stamped at the gas stations involved so that the employees could receive the corresponding payment at their respective places of employment.

### Is There an Ending to This Story?

After the main culprits were arrested, the Petroleum Derivative Production and Distribution Enterprises took several steps to restore order and prevent the laxity that allows, encourages, and conceals criminal activity.

At the Urban Bus Enterprise, a system was set up to verify the amount of fuel deposited in the tanks, and the individual characteristics of each case were delineated.

At the Service Station Enterprise of Havana, the conditions that lead to such activity were discussed at each of the affected units.

As a result, no one remained exempt from moral and administrative responsibility. Once and for all, we must confront the causes and conditions that make it possible to set up clandestine networks for the sale of state-owned products.

The custodians of these products, officials of all enterprises, are those most to blame for these deficiencies, and for the overall lack of control. The people involved in this case are men who took advantage of the apparent impunity promised by the lax controls and administrative negligence. Thanks to police action, this activity was curtailed, the culprits were arrested, and the case was exposed. But we must look for another ending to this story: strict enforcement, so that similar cases will not recur.

### Milk Diverted for Personal Use

32480048 Havana MONCADA in Spanish  
Nov 87 pp 12-15

[Article by Alfonso Puron]

[Text] During the first days of February 1987, undercover agent "Rolando" of the National Revolutionary Police Criminal Investigations Department in Camaguey transmitted a confidential message to his liaison officer. The message reported that at the Dairy Complex and the Pasteurizing Plant of that city, certain irregularities had been detected with regard to the receipt and distribution of milk intended for the public, and the processing of byproducts. This indicated to him that a crime of major proportions was taking place.

The report disturbed high-ranking officials of the Interior Ministry and the National Revolutionary Police in the province. Given the serious nature of the offense and the dire consequences that could result if the report were true, they decided to launch a systematic effort to check on a daily basis all drivers sent out to pick up milk at different points in Camaguey to learn the possible modus operandi being used.



On the afternoon of 19 June 1987, having gathered the evidence and elements necessary to prove the responsibility and degree of participation of each person implicated in the case, the officers of the Crimes Against the Economy division began curtailing this illicit activity. The investigation culminated in the arrest of 11 milk truck drivers and 34 other individuals involved in the purchase and sale of milk.

### **Business Begins**

Alexis Feteira, who received milk deliveries during the morning shift at the Complex in Camaguey Province, knew that each day some drivers used various tricks to adulterate the milk and to inflate their reports of deliveries to the complex so that they could falsify the pick-up receipts used by the company.

If they had not been able to count on his cooperation, as chief receiver, the drivers' misdeeds would have been exposed. Thus, in exchange for his silence and complicity, he was given cash and other items obtained through the illicit sale of this product.

All he had to do was provide false measurements of the amounts contained in the tanks, affix his signature, and stamp the document to attest to the accuracy of the figure that appeared there.

Delfin Agalde held the same position as Alexis, only at the Pasteurizing Plant. The same drivers who came to the Dairy Complex in the morning were to come there on the afternoon shift to deliver milk. But Delfin, who was exceedingly negligent, did not care what kind of business the drivers engaged in with the milk. His only concern was that the people involved give him one or two 40-liter milk cans with each delivery so that he could feed the pigs he raised, as "the severe drought in the province limited the availability of the animals' favorite feed."

Delfin and Alexis did not know each other, but they were aware of the methods used by the drivers, both regular and substitute, on each route. To achieve their ends, the drivers made contacts with some private and state milk suppliers, who were really the main beneficiaries.

The procedure was simple: The small farmers and members of the Agriculture-Livestock Production Cooperatives and certain managers of state dairy farms were to send milk to the pick-up points each morning and afternoon. There the drivers would collect the milk without verifying the real amount contained in the milk cans. This amount was already recorded on a route dispatch or invoice from the Dairy Complex or the Pasteurizing Plant, in accordance with the established supply agreement.

The report was always in order, but the amount of milk was not. At some points the amount was one or two 40-liter cans less; certain peasants withheld these cans and kept them for illegal sales to third parties, for making cheese, or for feeding pigs owned by the peasants and by some drivers.

In return, these collaborators would receive 100 to 120 pesos a month from the farmers and cattlemen, in addition to the gift of different amounts of milk or homemade cheese, either for their own use or for clandestine sales at 2 pesos per pound.

### **Some of the Defendants**

It was not hard for the drivers to explain the missing milk, because they had an agreement with the receivers, Alexis and Delfin. The former measured the number of liters accurately so that he could demand his share in cash; and the latter, who did not even look at the delivery documents, was happy to get the feed for his pigs.

Since Alexis enforced his end of the contract so strictly, sometimes the drivers would cheat him by adulterating the milk with water, so that he would not find out about the additional amounts they siphoned off and they would not have to pay double for the receiver's silence. That was the degree of corruption that existed among them.

Francisco Sanchez, the driver on the Algarrobo route who picked up milk in the morning and afternoon, was perhaps one of those who benefited most.

He submitted inflated invoices for milk received from the head of State Dairy No. 66, La Represa, in exchange for feed; he had similar arrangements with suppliers Juan and Gregorio Mendez.

He fed his pigs 3 or 4 jugs of milk, which he received daily from the sellers or which he took directly out of his vehicle before reaching the Pasteurizing Plant.

Diosmedes Perez, the driver on the Oliva 1 route, stole 7,040 liters of milk valued at 2,182 pesos. He did this by altering the official receipt and delivery documents and taking between 240 and 320 liters of milk each day.

On his morning route he would leave 4 to 6 jugs of milk at the home of small farmer Felix Tagarno, the supplier of the Santa Clara farm, so that Tagarno could make cheese and pig feed with the whey obtained from the milk.

On his two workshifts in just 7 days of work, Rafael Bordamas, relief driver on the Oliva 1 route, managed to steal 1,680 liters of milk. The day of the operation carried out by the Crimes Against the Economy officers, he was found to have a discrepancy of 480 liters corresponding to 12 tanks.

Although the relief drivers did not siphon off the milk by mutual agreement, but rather through bilateral deals, they carried out the same transactions as the regular drivers; otherwise, they would not have profited from the business. In addition, everyone was aware of the activities of the other milk collectors, because each driver going off duty would keep his replacement informed of his transactions.

Alejandro Martinez of the Rio Seco route was arrested when it was discovered that 38 jugs were missing from his delivery to the plant, and that he had altered a receipt by 100 liters.

The milk he stole ended up at Las Clavellinas, where the manager of the La Quinta Dairy would give him 8 pesos per milk can.

Enrique Rego was a substitute driver on several pick-up routes, and on 19 June he showed up to make a delivery to the Dairy Complex with 31 jugs missing and two receipts altered by 376 and 25 liters, respectively.

Rolando Bermejo and Wilfredo Soler, crewmen on a tanker truck, covered the Santa Cruz route on alternate days. Whenever they washed out the tank, they would add 100 liters of water to make up for the milk that would be given to Vidal Figueredo at Dairy 16-6 on the Santa Cruz highway, in exchange for cheese.

The surprise inspections conducted by the Crimes Against the Economy officers revealed the participation of each defendant and the amount of milk they were stealing. The inspections also exposed the network of suppliers and receivers who were implicated in the case. Through interrogations conducted by the investigating

officers and by Capt Gladys Beltran Marin, police investigator in charge of the Preparatory File for Case No. 331-87, the details of the thieves' modus operandi and the destination of the illegal milk shipments were revealed.

#### **Laxity Again**

Administrative laxity was the breeding ground that made possible the proliferation of these misdeeds. It has been learned that between February and June 1987, the national economy lost 17,543.78 pesos due to this activity.

During this period, 55,636 liters of milk were missing from deliveries to the Pasteurizing Plant and the Dairy Complex. While this shortfall did not directly harm the population, who did receive their established quotas, it forced the state to invest large amounts in the purchase of powdered milk abroad to make up for low production levels caused by the severe drought that has plagued the province in recent years.

To give an idea of the amounts involved, in the first 6 months of 1987, milk production in Camaguey declined by 26 percent compared to the same period of 1986, a total of 12,000,271 liters of milk less. This figure includes the amount that these individuals fed to their pigs, milk which never reached the population.

This is the most significant damage caused by the lax controls at both centers, a laxity that enabled individuals such as Alexis, Delfin, and other defendants to act with impunity.

When the product in question is a foodstuff required by the citizenry, especially one like milk, whose distribution is regulated for children and the elderly, controls must be much stricter and penalties must be much harsher for those who line their pockets at the expense of the people's needs.

08926



**Hoyte Interviewed on Human Rights, Economic Issues**

32980133b Bridgetown SUNDAY SUN in English  
6 Dec 87 pp 31, 34

[Passages in boldface as published]

[Text] When Desmond Hoyte, Guyana's Executive President, appeared in Miami last week, most people had one reaction.

It was: Guyana is coming in from the cold, meaning that the CARICOM country, one of the most economically hard-pressed states in the Hemisphere, was seeking an accommodation with the United States.

It was the first time a Guyanese leader had been invited to the annual Miami Conference on the Caribbean.

And when he spoke, President Hoyte didn't surprise anyone when he put forward a case for his country's wish for inclusion in the Caribbean Basin Initiative (CBI); pointed to the important role of the private sector in the nation's economy; declared that the door was open to foreigners to invest in Guyana; and emphasised that there were no "sacred cows" among nationalised firms that couldn't be sold.

Inevitably, a number of questions arose.

The SUNDAY SUN'S North American Editor, Tony Best, sat down with President Hoyte and put those questions to the leader.

What follows is an edited version of that question and answer session.

Q: Are we seeing a complete turn-around in the policies of Guyana?

A: (In Miami) I didn't say anything different from what I have said since assuming the presidency of Guyana. I don't think it is fruitful to get into a debate over words, but I see our policies as an evolution in Guyana's development. I think it is inevitable we should have reached this stage today, whoever might have been president of Guyana. What we are seeing are the imperatives of the situation.

Q: Is your government moving from the left of the political spectrum to the right? In short, are you putting distance between yourself and the policies of the late President Forbes Burnham?

A: It is interesting that some people see the situation in terms of what one may call a shift, or interpret what is happening as an effort to reverse previous policies or even to disassociate oneself from the past. I don't think that is it at all.

As I have said, I see it as an evolving situation arising out of the work that has been done in Guyana before.

I believe that we have completed what one would call the political phase of our development in which one had to concentrate very heavily on the political, as distinct from economic matters.

Q: Could you be more specific?

A: I know very often it is difficult to separate the political from the economic, but certainly in the period we have just come out of, we did spend a lot of time in trying to put in place some of the political structures, trying to get people to understand that Guyana was no longer a colony and that there was a change in the rules of the game, so to speak, and that they had to take a personal responsibility for making their own decisions and managing their affairs.

There has been an extraordinary success in what I may call the political phase. Once you have sort of consolidated the society and people are thinking in terms of a Guyanese nation and they can't be looking around for support and assistance from some kind of colonial administering power, then you have to move from there and you have to move to people's economic well-being.

Q: What then is your economic policy? Is it one in which you have moved from nationalising everything in sight to one of opening the doors to the private sector and to foreign investors?

A: I have dealt with this matter on several occasions in Guyana, in talking to the Guyanese people and in talking to my own party (People's National Congress), and I dealt with it in Toronto where I confronted it squarely in my address with Canadian businessmen.

You will see that we nationalised companies that were in Guyana before independence. Not all of them, but the major ones. This was because those companies had made their agreements with the colonial administration, not the Guyanese people, not with an independent Guyana. They had gotten into a mode of operation that was inconsistent with the circumstances of independence.

Some of those companies ran a system of apartheid which, in a way, was no different from what is happening in South Africa.

There were, for instance, certain parts of the bauxite industry where black people couldn't go, where workers couldn't go, no matter how distinguished you were in the Guyanese society. Whether you were a professional person, a distinguished writer or a senior public officer, you just couldn't go there because of the colour of your skin.

To get into those areas, you had to have a pass or you were given a pass if you were a servant. Now those things had to go. Our people couldn't get beyond a certain position in the upper echelon of those companies.

We were faced with a situation in which an independent country had a corporation operating on its soil as if the new nation was a colony. So, the rules of the game had to change and the discussions leading to a change or transformation of the activities of some of those companies broke down. So nationalisation was inevitable.

We have not nationalised any company which went into Guyana after the accession to independence. The nationalisations were not to be construed as a statement of hostility to foreign investment or the private sector.

Q: Let's deal with some of those nationalised operations. The government owns the radio and the major daily newspaper and people often complain that the media in Guyana is not free. Are you thinking of opening up the media to different shades of opinion in Guyana?

A: I don't accept that there is no freedom of expression in Guyana because the media is state-owned. We have had large numbers of newspapers. True, there is a newspaper run by the government, the **Chronicle**, but you do have the **Catholic Standard**, you have the **Mirror**, the **Open Word**, and perhaps other smaller newspapers which have been operating without any hindrance.

In fact, there is nothing to prevent anybody from opening a newspaper. In fact, recently, within the past year or so, you have had a new newspaper, the **Stabroek News**, so that it is not accurate for anybody to say that there has been any inhibition placed on the press in its operations.

Q: Guyana is the only CARICOM country with a state-owned newspaper. Would you consider selling the **Chronicle** as one of the cows that is not sacred?

A: Frankly, I don't see that the fact that the government runs a newspaper is in any way inconsistent with democratic traditions or freedom of the press.

I think it is fair that the government should have some outlet for letting people know what its policies are and to disseminate government news and everything like that. However, I wouldn't take a fundamentalist position and say I would never sell the **Chronicle** or allow participation in it or anything like that. But I really don't accept the thesis that because the government operates a newspaper that it is evidence of some anti-democratic trend.

Q: In your speech in Miami and in pronouncements out of Washington we have noticed there were no strident critical tones coming out of Guyana of the United States. What kind of relationship are you looking for with Washington?

A: I have said on frequent occasions that we try to base our foreign policy on courtesy and friendship, and that holds good for the United States and for the smallest country one might find in the world.

It is true that there was a time when the relationship between the United States and ourselves was far from being friendly. That period started from the time there was the bombing of the Cubana aircraft in 1976 when we lost some of our brightest young people who were on their way to study medicine.

There was at that time, an exchange of very acrimonious language as a result of that incident. Let me say, that for some time now there has been a perception on both sides that there was no profit, so to speak, in maintaining a relationship that was not friendly and courteous.

On both sides, we have worked to improve the climate, and I think it has been most successful. As you rightly remarked, there has been an abandonment of exaggerated language and I would say that the relationship between the United States and ourselves is very courteous, very friendly, and I would describe it as being very good indeed.

Q: But what are you hoping for in terms of that relationship?

A: Nothing special. I am hoping we would establish with the United States a relationship which accords firmly with our view of what a relationship should be between Guyana and any other country in the Hemisphere. That is one based on courtesy, understanding and friendship.

Q: One can't discuss economic matters without raising Guyana's debt to CARICOM. Have you set a timetable to repay or retire the large debts to CARICOM countries?

A: Let me say, if it were possible we would like to see that debt retired tomorrow. But it is not feasible to say that we can retire it in one or two years. That depends on how some of these arrangements for retiring the debt work out.

If we can get more and more of the projects which are designed to generate external resources to help in the liquidation of that debt, the chances of reducing that debt within a relatively short space of time become even better.

Q: Before he died earlier this year, Errol Barrow, the late Prime Minister of Barbados, talked about a massive timber project between Barbados and Guyana to reduce some of that debt. What has happened to that proposal?

A: Let me say that the joint venture projects were not specifically designed to liquidate the debt. Liquidation was a spin-off from joint economic endeavour. These projects did have the blessing of the late Prime Minister who was personally involved in trying to promote them.

In fact, this was part of his vision of a CARICOM that was going to be re-invigorated and which was going to go places. Inevitably, because of his sudden death, many of the ideas lost momentum.

New people came in and they were not as knowledgeable of the decisions and projects as he was. One has to give them time to settle in. But I think it is fair to say that they are starting to gain momentum again.

Q: Many people in Barbados would like to trade with Guyana but they are fearful that if they do, they would not be paid due to the shortage of foreign exchange. How soon can businessmen trade with your country again on terms that would guarantee payment?

A: I wish I could give them the assurance now that if they traded there would be no problem at all with getting paid.

Obviously, the ability of Guyana to pay depends on how vibrant its economy is and its export earnings and things like that.

So, we have to work to fix the total economy and to get it really ticking over again.

Q: Whenever Guyana's name is mentioned, the question of human rights is raised. International organisations regularly accuse your country of abusing the rights of its citizens. How are you dealing with the constant charge that your administration and the previous government abused people's rights?

A: Well, I don't pay any attention to these allegations. I think Guyana is an open country. Anybody can go and see whether there are human rights violations or not.

In particular, Amnesty International is very unprofessional in its whole approach to Guyana. I think it is scraping the bottom of the barrel in its efforts to denigrate the country.

I don't see, for example, how it can accuse us of human rights violations because we have the death penalty. Most countries in the world have the death penalty and we apply it for certain types of vicious murders, but certainly not for every person who has been convicted of murder. So I brush that aside.

Sometimes, one sees some trivial matter in which there is an allegation of police brutality and that is picked up and thrown at the doorsteps of the government.

Now, if everyone is to accuse every government in the world for something that a policeman is alleged to have done, as distinct from the government, then I don't think that any government would escape censure of so-called human rights violations.

My position is that I run a very clean and open democratic government. I think our society can be so characterised.

Anybody can come to our country. We don't run a closed society and people can come and see whether or not those allegations are right or not. Personally, I reject those allegations.

Q: You stated that the country is free and open and that the system is democratic, but questions have always been raised about the conduct of elections there. Are you willing to follow the example set by Barbados, Jamaica and other Caribbean countries and appoint an independent elections commission, free of political interference, to conduct the elections?

A: I am not familiar with the precise pattern which exists in several Caricom states, but I would have thought that we did have an independent Elections Commission which is part of the constitutional arrangements.

It is nothing that the government has any control over and which the government can influence one way or another.

On the Elections Commission, we have representatives of the major parties. They are there as of right and nobody can exclude them. We have an independent chairman who is Sir Harold Bollards, a former Chief Justice of Guyana.

He is a very distinguished man, and I don't think anybody can reasonably accuse him of lack of integrity, or of doing anything wrong.

Supporting him on the Commission are representatives of the People's National Congress and the People's Progressive Party.

Now, the constitution places in the Elections Commission, the responsibility for overseeing and supervising the elections.

Q: Quite recently, there were demonstrations in Guyana about oil shortages. What steps have you taken to ease the shortages that led to that demonstration?

A: First, there were no demonstrations at all. One political leader, Mr. (Eusi) Kwayana, undertook what he called a hunger strike, or fast to protest against the problems in the distribution of fuel, and it was unfortunate that Mr. Lamming who went to see Mr. Kwayana,

as he said he did, got caught up in an incident in which the police alleged that people were blocking the pavement and had asked them to move on.

We have had some problems in the distribution (system). From time to time and for one reason or another, we do get a shortage in the sense that a particular fuel company would be short of fuel, because a ship destined for that company was delayed.

We had to change our source of fuel within the past year or so. We don't lift out of Trinidad any longer. That is unfortunate, but that is another story. We lift out of Venezuela or Curacao. So, we get problems of a logistical nature in the distribution system. But it has never been that we didn't have fuel in the system.

The energy authority is working very closely with the suppliers to see whether we could improve the distribution of fuel and the arrangements for lifting.

Q: We hear that you and Prime Minister Hamilton Green are at loggerheads. In fact, it is being widely reported that Mr. Green is jockeying for your position. How would you respond to that?

A: Well, you know, this is an allegation that has been making the rounds ever since I became president. People come up, from time to time, with different reasons for this alleged conflict between the Prime Minister and myself.

There is absolutely no truth in that. First of all, the Prime Minister and myself had had a very long and close personal friendship going way beyond the time when either of us got into ministerial life, and even before I got directly into political life. That has never changed.

The Prime Minister and myself have never had a quarrel, or an exchange of angry words during that period, but people keep looking on and trying to interpret developments in our political life in one way or another.

Q: In the last 15 years, Guyana has exported a lot of trained people to the Caribbean and North America.

You are in a period of economic reconstruction in Guyana.

Is there a place for some of those people who have left or who believed that they had to leave for political, economic and other reasons at that time?

A: Yes, there is very much a place for them. We have been saying to our Guyanese residents abroad that they would be welcomed back and we hope they would continue to play a constructive role in helping the country.

Q: Would we live long enough to see a government of the PNC and the PPP in office in Guyana?

A: I doubt it very much.

/09599

### **Parliament Approves 1987 Supplementary Spending**

32980140a Georgetown GUYANA CHRONICLE  
in English 22 Dec 87 pp 1, 4

[Text] Three Financial Papers, two relating to supplementary Provision on the Current and Capital Estimates for the period ending 11 December 1987 were yesterday approved by the National Assembly after a series of questions from Minority members about the need for additional finances and more details in the Estimates.

The two additional papers for 1987 cover "an expenditure of \$205,001,892 and \$38,740,149 on the Current and Capital Estimates.

The third involved a sum of \$47,000 on the Current Estimates for the period ended 31 December 1986 and spent by the Ministry of Housing to meet payment of Merit Awards for 1986.

According to the schedules of the Estimates, the additional expenditures were incurred as a result of a number of factors, including unanticipated costs and spendings as a result of the adjustment of the Guyana dollar.

Among the ministries which received approval for additional sums sought were the Ministries of Finance, Foreign Affairs, Education, Regional Development, Health and Manpower.

Supplementary expenditure incurred by the Ministry of Finance included a contribution of \$79,734,979 as equity to Bidco and Guymine, \$30,000,000 to meet payment of Merit Awards for 1987 and \$42,300,000 to satisfy a loan pre-condition.

In the case of the Ministry of Manpower, \$11,619,648 was approved to meet increases in Old Age Pensions and Public Assistance for 1987.

In addition, the Ministry of Foreign Affairs sought and got approval for several sums of money including \$3,805,812 for labour costs, \$5,339,441 for rental and maintenance of buildings and \$2,289,768 for transport, travel and postage, to meet additional expenditures as a result of the adjustment of the Guyana dollar.

In response to questions posed by Leader of the Minority People's Progressive Party, Dr Cheddi Jagan and Working People's Alliance Member Mr Eusi Kwayana, Finance Minister Carl Greenidge explained that the devaluation of the Guyana dollar at the time of the last Budget led to an increase in the value of items which involved the allocation of foreign exchange. Hence, the need for additional sums.

Minority questions also centred on additional funds for the Guyana Electricity Corporation, the Guyana Water Authority and the Demerara Harbour Bridge.

Minister Greenidge said the \$42,300,000 to satisfy a loan pre-condition related to the rehabilitation programme of the Guyana Electricity Corporation with the Inter-American Development Bank.

The sum represents compensation to the Corporation arising from price movements since the contract was signed.

With reference to more funds for the Guyana Water Authority, Minister Greenidge noted that \$3,000,000 was additionally sought to purchase pumps and other items for a water rehabilitation programme with assistance from the European Economic Community. It will begin next year covering a number of areas around the country.

The EEC will also assist in a rehabilitation programme involving the Demerara Harbour Bridge, according to the Minister.

/9604

#### **Joint Commission With Venezuela Schedules Talks**

32980146b Georgetown GUYANA CHRONICLE  
in English 9 Jan 88 p 1

[Article by Anthony Calder]

[Text] A joint Guyana/Venezuela commission is expected to confer in Caracas around mid-February to advance discussions on the forging of new trade and economic links between the neighbouring countries.

The commission will be considering issues mainly at the public sector level.

But if all goes well, a local private sector delegation will be travelling to Caracas for business-level talks with its Venezuelan counterpart before the departure of the Government team.

The Department of International Economic Co-operation (DIEC) says it is awaiting word from Venezuela on the type of arrangements in place for that visit.

The Department's Deputy Head, Dr Patrick Kendall, briefed Georgetown Chamber of Commerce and Industry members on the forthcoming Caracas trip at the Chamber's statutory meeting Thursday.

Dr Kendall, whose DIEC functions include responsibility for Latin American Affairs, said next month's government commission meeting will take a closer look at

proposals for joint ventures to promote new Guyanese industries, the procurement of inputs for maximising the country's plant utilisation capacities, and a rise in export-oriented production.

Even though the commission will discuss some degree of private sector participation in the government-to-government approach to national growth and trans-border relations, Dr Kendall said he believed Government's structural adjustment policies provided enough scope to merit a separate visit to Venezuela by Guyanese entrepreneurs.

He issued joint-venture questionnaires at the Chamber meeting, and the completed forms will be despatched to the Guyanese Embassy in Caracas for distribution to Venezuelan companies.

The Guyanese Government delegation will be in Caracas February 18-19.

Based on a new spirit of co-operation and partnership exemplified by recent visits by President Desmond Hoyte and President Jaime Lusinchi to each other's capital, the commission meeting is expected to comprise a broad spectrum of Government officials from both countries.

The relations between the two neighbours, particularly over the past two years, has led also to the establishment of a 25-page 'Venezuelan-Guyanese' magazine in Maracaibo, Venezuela.

The journal has so far highlighted the accomplishments bringing the two nations closer together and has looked at the broad implications of warmer ties for the infusion of renewed life into their economies.

/9274

#### **Sugar Corporation Chief Comments on U.S. Quota Cut**

32980140c Georgetown GUYANA CHRONICLE  
in English 18 Dec 87 pp 1, 4

[Text] Guyana's sugar quota for export to the United States of America has been reduced by nearly 25 percent for 1988, and will result in this country losing a further \$5.8 million in foreign exchange.

This was disclosed yesterday in a statement from Chairman of Guyana Sugar Corporation (Guysuco), Cde Harold Davis, following an announcement earlier this week by the United States, of quotas for Caricom countries.

Figures show that Guyana's U.S. quota was reduced from 30,480 short tons in 1984/1985 to 20,592 short tons in 1986. This amount was further reduced to 10,920 short tons in 1987 and for next year, the amount has been slashed to 8,400 short tons.

The overall quota announced by the United States for sugar quotas from Caricom is 750,000 short tons. This represents a reduction of 25 percent compared with 1987 quota of 1,042,160 short tons, which in turn compared with an overall quota for 1986 of 1,850,000 short tons.

Noting the serious implications of the further reduced sugar quota, Cde Davis declared that it is imperative that Guyanese and particularly sugar workers, give every possible support to Guysuco's diversification efforts.

In his statement as Chairman of the Sugar Association of the Caribbean (SAC), Cde Davis said: "Once again, the quotas affecting CBI countries have been reduced. Indeed, as I had indicated last year, the United States Administration continues to be insensitive to the needs of the CBI Group countries including Caricom States.

"By this move all CBI countries have been hurt in our foreign exchange earnings and it is a blatant contradiction of the U.S. Administration's avowed intention of helping to improve trade through the CBI initiative. In other words, this move of a further cut in the sugar quota certainly cannot help to improve hemispheric relationships which is what the CBI was intended to do.

"As the Chairman of the SAC, I can only say that this move is a sad one, but personally, it was not unexpected.

"As Chairman of the Guyana Sugar Corporation I wish to state that we will have lost a further \$5.8 million (G) in foreign exchange as a result of this move. It is imperative that Guyanese, and particularly sugar workers, understand that the decision to diversify the operations of Guysuco, having regards to these developments, is a wise one, and that therefore, diversification efforts in the country need every possible support," Cde Davis declared.

/9604

### **Gold Production Up 53 Percent; Diamond Output Down**

32980140b Georgetown SUNDAY CHRONICLE  
in English 3 Jan 88 p 1

[Article by Anthony Calder: "Gold Production Soars"]

[Text] Gold production for 1987 declared to the Guyana Gold Board up to Wednesday weighed 21,424 ounces, 7,389 ounces above last year's declared output of 14,035 ounces.

This year's figure not only surpassed that of 1986 by nearly 53 percent (52.65 percent to be exact); it also topped the 20,000-ounce mark for the first time since 1955, a span of 32 years.

Though the 1950s were far from the industry's peak production years—1884, 1893 and 1900-03, when output soared above 100,000 ounces—production figures between 1953 and 1955 steadied over the 20,000 ounce-a-year mark.

But Guyana Gold Board Chairman Kenneth Bancroft was quick to point out Thursday that unlike these years when B.G. Consolidated Gold Fields, an expatriate company, contributed over 90 percent of the aggregates, this year's 21,242 ounces were amassed solely by local miners.

Mr Bancroft also scotched rumours that Amerindians are being forced out of the mainstream to the periphery of the mining industry.

Amerindians not only form a formidable corps of employees in the mining industry, but they also own claims, manage dredges and "reap every benefit that accrues from the industry on an equal footing with other categories of miners."

Gold output has been rising steadily since production spiralled downwards to 1,407 ounces in 1971, the lowest production year since the miserly total of 936 ounces was declared in 1885. Production in 1985 was 10,329 ounces.

Diamond production, on the other hand, decreased from 11,556 carats in 1985 to 9,132 carats in 1986, reflecting an age-old trend in which diamond output shows a decline when gold production rises, and vice versa. Diamond production figures for 1987 are not yet available.

Although making no formal projections for 1988, Mr Bancroft said he expected a further upturn in production with the start of productive activities by foreign mining companies. Mr Bancroft also remained optimistic that miners will not merely increase production but increase their declarations to the Guyana Gold Board in the year ahead.

He expected miners, until recently more popularly known as pork-knockers, to continue making optimum use of the industry's foreign currency retention scheme to improve their production capabilities. And he hoped the issue of supplies to the miners will be resolved in 1988, thus narrowing the risks of miners getting involved in illegal transactions.

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### **Liberal Party Convention Held**

32480052a Tegucigalpa EL HERALDO in Spanish  
19 Dec 87 p 42

[Excerpts] The convention of the ruling Liberal Party opens today at the exclusive "Metro" social center in the capital, amid the hopes of its activists that the splintered group will ultimately regain unity through its 822 convention delegates (411 regular delegates and an equal number of alternates).

The convention is scheduled to open at 0900 hours; it will be attended by the president of the republic, Jose Azcona Hoyo, leaders of other political parties and accredited foreign diplomats.

Assurances have been given that the Liberal convention will not be contentious, as in the old days, because party leaders have now come to terms on the motions and resolutions that are to be passed to further its "unity."

The Liberals are thus seeking to offer a show of strength and solidity, even though there are known to be irreconcilable forces among them, because their aim is to win the presidential nomination that will be up for grabs next year.

A few short hours before the opening of the Liberal Party assembly, EL HERALDO spoke with the leaders of each of the factions that are entitled to take part in the big event.

All of them, in other words the seven that sought the chairmanship of the Liberal Party's CCE [Central Executive Council] in the 6 September elections, asserted that their approach at the convention would be to seek unity in the splintered party.

According to unofficial information, the following are the items on the agenda of the convention that will open this morning:

Verification of a quorum; address by the outgoing president, Romualdo Bueso Penalba; reading of a short biography of Dionisio Romero Narvaez, after whom the convention has been named; reading of the report of the CCE; report of the finance secretary; report of the National Electoral Commission; election of the provisional officers and then the regular officers; discussion of the resolutions, motions and decrees that will be submitted to the assembly for approval or rejection, and in conclusion, swearing in of the new members of the Central Executive Council.

8743

### **New CCEPL Leader's Address**

32480052c Tegucigalpa EL HERALDO in Spanish  
21 Dec 87 p 47

[Excerpts] The new chairman of the Central Executive Council of the Liberal Party (CCEPL), Carlos Flores Facusse, said in his address that the struggle in the party is over and promised that its new authorities would march in unity.

Flores Facusse stressed the need for unity in the Liberal Party and stated: "We have come along different roads, we derive from different origins, we are grouped together in different factions, but in the most deeply felt fibers of our Liberal spirit we all know that these roads converge in a single destiny."

He then went on to say that "it is true that we are divided into different bands when the dialectic controversy arises, but it is also true that we all unite when the time to do battle comes; a few months of democratic confrontation are not going to bury a past."

Citing the results of the internal elections in the Liberal Party, which he described as crystal clear, Flores Facusse asserted that the Liberal forces "are still in the majority, and the conservative groups are still in the minority."

Lashing out again at the National Party and directly at leader Rafael Leonardo Callejas, the new chairman of the Central Executive Council said that "a short while ago we heard the assertions of the chairman of the Central Committee. He said that the Liberal administrations have failed; he even said that the Liberal Party has pushed the country back 15 years, adding that to fix all this at least 16 years of National Party governments were needed. Good God, those blessed 16 years again! Maybe that's the reason why at that party's most recent convention in San Pedro Sula they put up a portrait of Tiburcio Carias Andino as a tribute to the blood that has been shed and as an example to young people."

### **Support for Esquipulas II**

Flores Facusse said that the Liberal Party effusively supports the goal of peace embodied in the Esquipulas II Accord, "but we must recognize that the signing of the treaty is just the first step in a long and tortuous process."

8743

### Manley Comments on Regional Economic Developments

32980118c Port-of-Spain DAILY EXPRESS  
in English 10 Dec 87 p 9

[Passages in italics as published; quotation marks as published]

[Text] Kingston, Jamaica, Wednesday, (CANA)—Former Jamaica Prime Minister Michael Manley says that economic changes in Guyana and Trinidad and Tobago will aid his plan to work for a deepening of the Caribbean Community (Caricom) should his People's National Party (PNP) return to power.

Manley has been arguing that a strong Caricom, with a level of integrated production and marketing would provide an expanded "home market" from which Jamaica could foray into "third" country markets, and he developed the idea in an interview with the Jamaican financial magazine, *Money Index*.

Manley told his interviewers that things had changed significantly to shore up his confidence since his failed attempts in the 1970s as Jamaican leader, to promote production and marketing integration in the 13-member Caricom.

Among them, he said, was clearer grasp of how the private sector could operate "within a set of institutional arrangements to encourage active participation."

"Before that we were tending to think of a regional arrangement more in terms of state collaboration," the opposition party leader said. "Now we are thinking in terms where state and state can collaborate to create conditions in which the private sector has the capacity to make things happen."

But more important, according to Manley, were the changes that have taken place in Port of Spain and Georgetown.

"Firstly, I think Guyana is now taking a different view of its own development, and Guyana... is the greatest canvas of opportunities of all," the former Jamaican leader said.

He added: "Guyana is the untapped one that really has potential and while we can never interfere in how Guyana sees its own strategy, I can say in my discussions with President (Desmond) Hoyte that they now have their own views of their own development which welcomes Caribbean private capital or government collaboration.

"They want the Caribbean to come and collaborate with their public and private sectors to develop this huge resource that is there. Now, that is new and that is a very important shift in what you might say, the configuration of opportunity."

Guyanese officials, since the 1985 death of former President Forbes Burnham who promoted a relative "closed shop" and heavy emphasis on the state sector, have been encouraging foreign capital, especially from the Caribbean.

New President Hoyte has also strongly backed the drafting of a new Caricom enterprise regime to provide the framework for investments and industry rationalisation in the community.

The Guyana experience apart, Manley said that the "enormous adjustment" now taking place in Trinidad and Tobago because of "misfortune of the fall in oil prices" provided new opportunities at the regional level.

"They are now having to face a terrible, painful period of adjustment but I detect that one of the things that is coming out of that process that they have to go through, in a sense, is to muscle up, and to be more lenient in their concept of how they can be active in the Caribbean," he added.

"If Trinidad with its very important oil potential which provides it with a source of energy and with its downstream products from the petroleum industry begins to really think regionally and has a private sector that has to bunker down and muscle up to be able to survive in the tougher conditions, you have two big factors that represent opportunity for Caribbean integration.

"Of note also is, I hope, we are all smarter than we used to be."

Manley in the 1970s had pushed the idea of a joint venture alumina smelter in Trinidad and Tobago that would utilise Jamaican bauxite and Trinidadian energy.

But the scheme fell through when Port of Spain became peeved over another joint venture programme Jamaica was also promoting with Mexico and Venezuela.

Manley said Caricom provided great opportunities for the Caribbean to rationalise production.

"In this regard, we could begin to marry the strengths of Trinidad, Barbados, Guyana, Jamaica," he said. "These are areas that have the potential for joint production."

"By comparative advantage analysis we could begin to get the sort of industries that could make serious forays into the U.S. markets, they would have the competitive muscle, they would have the productive capacity."

Manley's party has consistently accused the Edward Seaga administration of ignoring Caricom in the search of "hard currency" markets and has suggested that Kingston played a major role in triggering a more than 40 per cent decline in intra-regional trade since 1982.



"To argue that Caricom is a soft market and that it is not worth worrying about is really stupid," Manley told his interviewers. "That is like saying that our own domestic market is soft currency and not worth worrying about."

"Everybody who understands about the export business knows that if you can take up some of your overheads in local production you are in a stronger position to tackle that terribly difficult thing of market penetration in competitive markets," he added.

To give emphasis to the plan for Caricom as an "expanded home market," Manley repeated his pledge to work for a Caricom stock exchange as well as a form of Caricom citizenship to allow persons automatic right to repatriate profits and to own property throughout the community as part of a basis for the joint ownership of industry."

"We will have to work on double taxation treaties as well as work on external tariffs—all those things that are vital to creating the atmosphere in which the private sector maximises the opportunities," he added.

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#### Reportage on Status of Budget, Balance of Trade

##### Seaga on Government Spending

32980141 Kingston *THE DAILY GLEANER* in English 16 Dec 87 p 3

[Article by Carl Wint: "Budget Being Financed Solely From Revenue"]

[Excerpts] Despite reduced inflows from the hotel divestment programme, the Government is on track to finance this year's budget entirely from revenue. Prime Minister and Minister of Finance and Planning, Rt Hon Edward Seaga told the House of Representatives yesterday.

In seeking approval for the First Supplementary Estimates, which neither adds nor subtracts from the amount approved earlier this year, Mr Seaga said there was a decrease in the capital expenditure of \$655 million which was offset by an increase to the private sector of about \$500 million, from \$300 million to \$800 million.

The Government had also benefitted from an increase in revenue of \$242.6 million. This was in line with a \$263 million decrease in surplus revenue from the public enterprises, caused mainly by the movement in oil price.

Whereas the projection at the presentation of the Budget was for a deficit of 1.8 percent of Gross Domestic Product, the current situation was 0.27 percent of GDP and by the end of the year could end up at zero percent of GDP, the first time in 26 years, Mr Seaga said.

The Member of Parliament for South Manchester, Mr Lloyd Bent, and the Member for West Central St Mary, Mr Neville Murray, contributed to the debate, as well as the Member for Northeastern St Catherine, Mr E.K. Powell.

Mr Bent called for more attention to be given to the deep rural areas so that they would be in a better position to attract investment.

Mr Murray took a similar line, noting that his constituency had been denoted an industrial area yet not one factory had been placed there. He spoke about the poor state of the roads, saying that 80 percent of them were impassable.

Mr Seaga, while being sympathetic to their representation, observed that development did not come all at once. He said that the Government of the People's National Party had printed money in response to urgent needs as expressed by Mr Bent and Mr Murray.

His Government would not do that, because it would create a drain on foreign exchange and boost inflation.

##### Increase in Trade Deficit

32980141 Kingston *THE DAILY GLEANER* (*THE FINANCIAL GLEANER*) in English 18 Dec 87 p 1

[Text] Imports to the end of October 1987 were one billion and 15 million dollars (U.S.). Exports totalled \$560,000,000, leaving Jamaica with a 10 month trade deficit of U.S.\$455M, as imports virtually doubled the value of exports, and were U.S.\$217M more than the same period of 1986.

Consumer Goods imports totalled U.S.\$190.7M, up \$34.8M over 1986, Consumer Food imports of \$75.7M, declined \$2.8M, while Consumer Non-Durables of \$79.8M, increased by \$27.9M, over the same period of 1986.

Raw Material imports totalled \$541.9M, an increase of \$103M over 1986. Fuel imports were \$187M, an increase of \$23.9M. Food Raw Material imports were \$90.8M, an increase of \$22.4M, and other Raw Material imports were \$264M, an increase of \$56.9M, over the same period of 1986.

Capital Goods imports were \$282.9M, an increase of \$79.8M. Construction Materials imports were \$64.9M, an increase of \$22.1M. Transport Equipment \$52.3M, an increase of \$20.3M, and other Machinery and Equipment \$158.2M, an increase of \$36.7M, over the same period of 1986.

### Analysis of Sections of Imports

Food imports of \$154.6M, increased by \$16M, while imports of Mineral Fuels, Lubricants etc. stood at \$188.6M, an increase of \$22.4M. Chemical imports of \$102M, increased by \$10M, as Machinery and Transport Equipment imports of \$198.9M, increased by \$50.3M.

Manufactured Goods (classified chiefly by Materials) imports of \$188.3M, increased by \$57.8M, the largest increase of all sections. Miscellaneous Manufactured Articles imports of \$111.2M, increased by \$44.7M.

Imports of both these "Manufactured" Goods sections totalled \$299.5M, some 30 percent of the total Import Bill. This represents an increase of \$102M, over the same period of 1986.

### CARICOM Imports

CARICOM imports were U.S.\$50.6M, an increase of \$15.5M. Mineral Fuels imports of \$19M, showed \$11.7 increase; Food imports of \$10M, showed a \$4.3M increase, and Miscellaneous Manufactured Goods imports of \$8.9M showed a \$3.5M increase over 1986.

### Exports

Exports to the end of October totalled U.S.\$560M, or about half the value of imports, while representing an increase of \$75.9M over exports for 1986, for the same 10 month period.

Of this increase of \$75.9M, increased exports of Miscellaneous Manufactured Articles were \$51.8M, while the total exports for that section was \$111.2M, which is comprised mainly of "807."

Other areas of increased export values were Food \$7.6M, Beverages and Tobacco \$4.5M, Mineral Fuels and Lubricants \$20.5M, and Chemicals \$2.1M.

### CARICOM Exports

CARICOM exports of U.S.\$35.1M, showed a marginal increase of \$2.7M over 1986, with Food increasing by \$1M, and Chemicals by \$1.2M. Manufactured Goods exports values were virtually identical to 1986.

All in all CARICOM export performance has been most disappointing, considering that trade and tariff barriers have been removed for some time.

The October exports performance of \$4M in 1987 versus \$4.8M in 1986 is a serious indicator that something drastic is wrong with export manufacturing.

### Conclusion

While import policy has been intended to stimulate an export-lead economy, the pathetic increase in exports over 10 months, of \$76M, of which \$52M or two thirds

is "807" Export Apparel, is clear evidence that the massive increase of imports has not fuelled exports, but rather fuelled an internal growth, hence the runaway trade deficit of \$455M. The same picture is revealed in poor CARICOM exports.

The internal growth has been visible in domestic production of Cement, Animal Feeds, Food (Seprod, Flour Mills, Processed Food, Broilers, etc.) and Construction Materials (Paints, Windows, Doors, Steel, Aluminum products, etc.).

The reaction to correct the back-to-back record trade deficit of the United States is likely to have negative effects on Jamaica. Even without this factor, despite protestations to the contrary, policy changes will have to be effected to curb Jamaica's trade deficit, and to provide the necessary stimulus to generate increased exports.

It is unarguably apparent that existing policies have failed dismally, and unless this is corrected quickly, the economic growth that is now being enjoyed cannot be sustained.

### Growth in Imports

32980141 Kingston *THE DAILY GLEANER (THE FINANCIAL GLEANER)* in English 8 Jan 88 p 1

[Text] Total imports continue to increase sharply although fuel imports have been cut back. For the 11 months ended November 1987 imports at U.S.\$1,110.1 million (J\$6105.55 million) are up by 26.9 percent over the same period in 1986, an increase of U.S.\$235.3 million (J\$1294.15 million) as shown in the November 1987 External Trade Statistical Bulletin, published by the Statistical Institute of Jamaica.

Imports of capital goods are up by 42.6 percent, an increase of U.S.\$95.2 million (J\$5236 million) to achieve U.S.\$318.8 million (J\$1753.4 million). Raw materials imports are up by 22.6 percent, an increase of U.S.\$107.0 million (J\$588.5 million) to U.S.\$581.1 million (J\$3196.05 million). Consumer goods imports are up by 18.6 percent, an increase of U.S.\$33.0 million to U.S.\$210.1 million.

Sectoral analysis of the U.S.\$235.3 million (J\$1294.15 million) increase in imports for the 11 months reveals that \$108.4 million, or 46.1 percent of the increase was accounted for by manufactured goods, classified chiefly by materials (up U.S.\$59.4 million (J\$326.7 million) or 39.9 percent), and miscellaneous manufactured articles (up U.S.\$49.0 million (J\$269.5 million) or 65.1 percent).

Other significant increases in imports were recorded in machinery and transport equipment, up U.S.\$62.0 million (J\$341 million) or 38.5 percent; mineral fuels, up U.S.\$19.2 million (J\$105.6 million) or 10.9 percent and imports of food, up U.S.\$16.2 million (J\$89.1 million) or 10.6 percent.

### More on Trade Deficit

32980141 Kingston *THE DAILY GLEANER (THE FINANCIAL GLEANER)* in English 8 Jan 88 p 1

[Text] The Trade Deficit continues to deteriorate. At U.S.\$485.2 million (J\$2668.6 million) for the 11 months ended November 1987 the deficit recorded a 44.4 percent increase above the similar period in 1986, the November 1987 External Trade Statistical Bulletin, published by the Statistical Institute of Jamaica reveals.

The deficit has worsened by U.S.\$149.3 million (about J\$821.15 million) for the 11 months when compared with the U.S.\$335.9 million (J\$1847.45 million) recorded for the 1986 period.

The rate of decline has moderated since September when the deterioration recorded was 53.4 percent for the 9 month period. This moderation in the rate of decline reflects primarily a reduction in imports of oil. For the 9 months to September Mineral Fuels, principally oil, imports averaged at U.S.\$20.4 million (J\$112.2 million) monthly. Since then, Mineral Fuels imports was cut by more than half to average U.S.\$9.0 million (J\$49.5 million) monthly for October and November.

Mineral Fuels imports have been cut from U.S.\$18.2 million (J\$100.1 million) in September to U.S.\$11.8 million (J\$649 million) in October, to U.S.\$6.2 million (J\$34.1 million) in November. The November level of Mineral Fuels imports was 30.4 percent of the January to September average of U.S.\$20.4 million (J\$112.2 million) per month.

Exports recorded growth of U.S.\$86.0 million (J\$473 million) to achieve U.S.\$624.9 million (J\$3436.95 million) for the 11 months, an increase of 15.9 percent. This is modestly less than the 16.5 percent increase in exports for the first 9 months of 1987 but significantly less than the 18.6 percent increase for the first half of 1987.

The increase in exports was more than substantially offset by the significant increase in imports of U.S.\$235.3 million (J\$1294.15 million), an increase of 26.9 percent and almost three times the growth in exports. This is less than the 30.8 percent increase in imports recorded up to the end of September, reflecting principally the cut back in imports of oil.

Total exports recorded a significant 15.9 percent gain for the 11 months ending November 1987. Exports amounted to U.S.\$624.9 million, an increase of U.S.\$86.0 million for the period compared with that of 1986, the November 1987 External Trade Statistical Bulletin, published by the Statistical Institute of Jamaica reveals.

Export growth at 15.9 percent for the 11 months is modestly less than the 16.5 percent growth record in the 9 months to September. It is significantly less than the 18.6 percent growth recorded in the first half of the year.

The major contributor to the increase in exports was Miscellaneous Manufactured Articles which at U.S.\$103.7 million for the period, is up by U.S.\$45.7 million, an increase of 78.8 percent. This sector accounted for 53.1 percent of the total increase of U.S.\$86.0 million in exports.

Crude Materials (which includes bauxite and alumina) exports recorded a significant increase of U.S.\$28.6 million, up 10.5 percent to U.S.\$300.2 million for the period. Food exports went up by U.S.\$10.7 million, an increase of 8.7 percent to achieve U.S.\$133.2 million for the period.

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### PRC To Study Use of Local Bauxite Technology

32980118a Kingston *THE DAILY GLEANER (THE FINANCIAL GLEANER)* in English 11 Dec 87 p 2

[Text] The Peoples Republic of China is to explore the possibilities of utilising Jamaican technology in its bauxite and alumina industry, with the signing of an agreement between a visiting Chinese delegation, and representatives of the Jamaica Bauxite Institute (JBI).

Dr. Carlton Davis executive director of the JBI, at a press conference held at the JBI, after the agreement was signed on Friday, indicated that the technological link with China formed part of a broader relationship. One example of this, he said, was the financial and technological assistance China had provided, for the Old Harbour textile mill, soon to begin production.

Dr. Davis said that China had a large potential to increase its consumption of aluminium. Jamaican assistance would help the country expand its production to satisfy its local market, he indicated.

Madame Feng Ying, chemical engineer with the China National Non-Ferrous Metals Industry Corporation, said the group was interested in co-operation with Jamaica, because of the country's advanced technology in alumina production, and its long experience in the bauxite and alumina field.

Mr. Parris Lyew-Ayee, a director of the JBI, said it has been proposed that China send university graduates to Jamaica, to learn modern alumina production methods, at the JBI's pilot plant. He said most such pilot plants were owned by large companies, "and it is not easy to get access to them".

Mr. Lyew-Ayee said that China was also interested, in learning how to deal with multi-national companies. China is opening its economy to foreign companies, and wants to learn from Jamaica's experiences, he said.

In return China can offer Jamaica the technology to utilise rare earths (chemical elements with high technology uses) found in the 'red mud' waste, from the bauxite

industry. Dr. Carlton Davis stated however that, "it is just a small possibility", and rare earths could not now be commercially extracted from the bauxite wastes, because of their low concentration in the wastes.

Mr. Lyew-Ayee said that China could also supply Jamaica with low technology methods of using red mud wastes.

The Chinese delegation revealed that last year China produced 5 million tons of bauxite, 1.4 million tons of

alumina, and 500-600,000 tons of aluminium. The country also exported about 100,000 tons of bauxite during the year.

In 1986, Jamaica produced 6.9 million tons of bauxite, and 1.575 million tons of alumina. Almost all of the country's output of these two commodities was exported. The country produces no aluminium.

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### Recent Political, Economic, Social Developments

32480053 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 9 in a series. Where further processing by FBIS is planned, a note to this effect accompanies the item.

**Austerity Plan Inequities Alleged by SRTPRM Leaders**—Revolutionary Trade Union of Petroleum Workers of the Mexican Republic (SRTPRM) Secretary General Salvador Barragan Camacho and SRTPRM Section 24 (Salamanca) Secretary General Fernando Carvajal Servin speaking on 13 January 1988 criticized government economic austerity policies that they said aimed at the common people and left high-level technocrats and bureaucrats untouched. Their remarks were delivered at a gathering held in Salamanca, Guanajuato, in support of Institutional Revolutionary Party (PRI) presidential candidate Carlos Salinas de Gortari, who was present. According to Carvajal Servin: "Painful measures are the lot of those down below; happiness is for those up above." He said that the "privileges of certain secretariats and the enormous waste of many officials have to be brought to an end." He further called for budget cuts that would result in reduced salaries and benefits for high-level officials and not affect projects needed by the people. Barragan Camacho announced that the SRTPRM would not contribute money to the Salinas campaign but would instead donate agricultural equipment that the candidate could distribute among the peasantry. He also declared: "Whether people like it or not, whether there are programs or not, we have to believe in someone and that someone, for the present, is Carlos Salinas de Gortari." [Mexico City EXCELSIOR 14 Jan 88 pp 1-A, 23-A]

**Bishops Advise Against Voter Abstention**—In an episcopal pastoral document issued 12 December 1987 under the title "Concerning the Elections," the bishops of Mexico call upon the nation's citizenry "out of a sense of responsibility and active participation to reject the apathy that leads to voter abstention and to develop a mature and correct civic awareness." Former episcopal conference spokesman Fr. Francisco Ramirez, explaining the bishops' position in an interview with LA JORNADA, said that the church is exhorting citizens to vote since to not vote violates the commandment to "love your fellow man" and because voter abstention goes against the common good of society. [The full text of the

pastoral document, published in Mexico City DOCUMENTACION E INFORMACION CATOLICA of 24 Dec 87 pp 993-994, will appear in a future issue of JPRS REPORT: LATIN AMERICA; Mexico City LA JORNADA 14 Jan 88 p 4]

**Unauthorized Landing Attempted at Prison Holding Durazo**—A helicopter lacking any registration marks tried twice to land within the walls of what was alternately described as the capital's Northern Prison and Eastern Prison, apparently on 22 December 1987. It was driven away both times by gunfire from prison guards. Prison authorities were unable to determine if the aircraft was part of a plan to free any of the prison's inmates, which include former Mexico City Police Chief Arturo Durazo Moreno and 15 former members of his Jaguar Group. [LA JORNADA 23 Dec 87 pp 32, 12]

**Identity of Chiapas Land Invaders Disputed**—Mexican Socialist Party (PMS) Deputy from Chiapas Sebastian Perez Nunez said on 19 November that the notion that leftists affiliated with the PMS are responsible for all of the land invasions carried out by peasants in Chiapas is a mistaken one. At least 50 percent, he said, are the responsibility of members of the PRI-affiliated National Peasant Confederation, whom he accused of misinforming government authorities of the facts in these cases. [Tuxtla Gutierrez LA VOZ DEL SURESTE 20 Nov 87 p 4]

**Further on Anti-Lona Acts**—Monterrey, Nuevo Leon, Archbishop Adolfo Suarez Rivera, in a protest published in northern Mexican dailies, has described the 13 November 1987 violence perpetrated against Tehuantepec Bishop Arturo Lona Reyes, proponent of Indian and peasant rights, as including bursts of machinegun fire directed over the bishop's home and the cathedral. This violence followed upon the bishop's intervention on behalf of the community of Guevea de Humboldt in a public transportation dispute with area caciques. [LA JORNADA 26 Dec 87 p 9; for the first report on these events, see No 7 of the "Recent Political, Economic, Social Developments" series.]

**Sketches of Salinas Economic, Political Advisers**—For a recent Mexico City PROCESO discussion of advisers to PRI presidential candidate Salinas de Gortari, including Jose Cordoba Montoya, Emilio Lozoya Thalmann, and others, see JPRS REPORT: LATIN AMERICA of 7 Jan 88 (JPRS-LAM-88-002), pp 28-31.

### Recent Political, Economic, Social Developments

32480056 [Editorial Report] The following items have been abstracted from reports published in various issues of the open press in Nicaragua and elsewhere, as indicated. No 9 of a series.

**Post-Combat Arrests in Bonanza**—At least 9 men are known to have been arrested by State Security forces in Bonanza, Siuna, and Rosita, following attacks by the Nicaraguan Resistance in those localities. [LA PRENSA 30 Dec 87 p 1]

**Background of RN Commanders Described**—Of 31 RN [Nicaraguan Resistance] commanders who participated in the Zelaya Department offensive, 16 are in their twenties, 14 are in their thirties, while only one is over 40. Most are married with children, and the "great majority" profess the Catholic faith. Before the war 14 were "peasants", 6 were Sandinist soldiers, 6 were National Guard members (including 1 lieutenant, 1 sergeant, 1 corporal, and 2 privates), 2 were cattle ranchers, 1 was a carpenter, 1 was a "merchant", and 1 was an Evangelist minister. All 31 commanders have a minimum of 3 years' combat experience, and 28 have 5 years or more. [NICARAGUA HOY 6 Jan 88 pp 1, 3]

**TELCOR Union Chief Suicide**—Jose Lazo Castillo, head of the trade union at TELCOR [Nicaraguan Telecommunications and Postal Services], committed suicide after sending a letter to the minister of communications in which he described himself as "demoralized and without the strength to go on, without a purpose in life. How is it possible," he continues, "that while in TELCOR's dining halls workers eat rice and cheese, a TELCOR captain takes out truckloads of food supplies from the general service stores, taking among many other things cream, butter, vegetables, etc.?" "I have always

worried about the problems of the working masses, which are the builders, the artisans of the glorious people's Sandinist revolution.... I want to say to you," Lazo Castillo concludes, "that whatever happens to me—because now I'm giving up the union I am good for nothing—I have already given all I could to the RPS [people's Sandinist revolution]." [LA PRENSA 6 Jan 88 p 9; entire article will be translated for a coming issue of JPRS REPORT: LATIN AMERICA]

**Composition of CDS Described**—An estimated 25 percent of the Nicaraguan population, or 700,000 persons, belong to the CDS [Sandinist Defense Committees]. Of this number only 15,000 are FSLN [Sandinist National Liberation Front] members. Of the 75 members of the Esteli CDS, 25 belong to the FSLN, while others include a member of the Independent Liberal Party and an Evangelist minister. [Paris REVOLUTION No 409, 2-8 Jan 88 pp 40-46; entire article will be translated for a coming issue of JPRS REPORT: LATIN AMERICA]

**Managua Water Shortfall of 30,000 Gallons**—Daily water demand in Managua is 80,000 gallons per day, while the INAA [Nicaraguan Water and Sewage Institute] can supply a daily maximum of 50,000 gallons, according to INAA Minister Otoniel Arguello [LA PRENSA 6 Jan 88 p 5]

**Prices of Beans, Coffee**—In Matagalpa a quintal of beans now costs 1 million cordobas, while a quintal of coffee is 500,000 cordobas. [LA PRENSA 6 Jan 88 p 7]

**Corinto Customs Theft**—Fourteen customs workers at the port of Corinto have been arrested for stealing 100 million cordobas' worth of imported goods. The stolen merchandise included shoes, pants, underwear, and other articles ordered by the ministry of foreign cooperation. [Managua Domestic Service 1810 GMT 6 Jan 88]



## **AD Reorganization, Election of New Secretary General Viewed**

33480047a Caracas *BOHEMIA* in Spanish  
7-13 Dec 87 pp 6-9

[Article by Segundo Trujillo]

[Text] The first act curtain in the party reorganization that Carlos Andres Perez must carry out before officially undertaking his campaign as AD's candidate fell with the head of Manuel Penalver.

Alejandro Izaguirre, a competent and veteran leader, was elected AD secretary general at the National Steering Committee (CDN) meeting on Thursday the 3rd of this month. At the same closed-door meeting former presidential hopeful Octavio Lepage was named a regular member of the CEN [National Executive Committee] (executive political secretary), precisely to fill the vacancy that Izaguirre left when he was promoted to head of the white party.

As we said in *BOHEMIA* several weeks ago, AD members have to overcome three main stumbling blocks if they want to retain power in the 5-year period from 1989 to 1994. In order to run a victorious campaign, the party must first of all be reorganized and unified around the presidential candidate. The disciplinary measures that the last AD national union secretariat adopted and the appointment of Izaguirre as the new secretary general are aimed precisely at these two goals.

Carlos Andres Perez (CAP) is very well versed in the matter of election campaigns. Fifteen years ago he not only managed to unify and restructure the AD machine after the MEP [People's Electoral Movement] split that led to the loss of power, but CAP himself became an electoral phenomenon who led his party to a clear-cut victory at the 1973 elections. Now, therefore, no one doubts that Perez will be able to take the necessary measures, in the way of readjustments and restructurings, to get the party machine in optimum condition for the showdown that will take place on the first Sunday of December 1988.

### **Party-Administration Relations**

The second major step on AD's path to another victory is to improve relations between the party and the administration. This is a very difficult issue in every administration. For example, just think back to the clashes that President Luis Herrera Campins had with his party, and the so-called "intelligent solidarity" that Eduardo Fernandez invented as secretary general to overcommit COPEI to the green party administration at the time.

At this moment, the AD high command, the candidate (CAP) and President Jaime Lusinchi himself are aware of the need to improve their relations. What is more, many major AD leaders admit in private that whether the party wins or loses in 1988 will depend on these

relations, on party solidarity with the administration and, of course, on the support that the administration lends to the party's presidential candidate.

So far President Jaime Lusinchi and candidate Carlos Andres Perez have met several times. Although most of the issues that they took up at these meetings have been kept secret, it has leaked out that the main item has been the urgent need to improve relations between the party and the administration. They have even reached minimal agreements on consultation mechanisms and the issues that will have to be analyzed jointly.

Carlos Andres Perez has confessed to his closest associates that he seeks to regularize the CEN-administration meetings, after the election of Alejandro Izaguirre as AD secretary general. CAP also argues that in 1988, the year of the election campaign, the administration should not take any measure, especially in economic policy, without submitting it beforehand for analysis and approval by both the party's national leadership and the presidential candidate. The situation will be particularly critical in the case of measures having to do with the cost of living, the foreign debt, unemployment, personal security and the provision of public services. These issues or matters affect all Venezuelans and, therefore, will have a major impact on the election results.

### **The Deliberative Bodies**

Another particularly sensitive issue will be the drafting of the lists of candidates for the deliberative bodies. The slates for the National Congress and the Legislative Assemblies will, of course, be drawn up first; their members will be elected in December 1988 along with the new president of the republic. The lists for all of the country's city councils will be approved later, in 1989.

Putting together the slates, especially for Congress, is always an arduous and hotly debated matter in the two major national parties. A variety of factors carry weight, such as backlash from the battle for the party nomination, the ambitions of the various factions, the administration and the national and regional party structure, as well as the personal and group commitments that the presidential candidate has made.

Some in AD feel that the problem of the lists should be addressed immediately and resolved as soon as possible. But we have learned from a reliable source that CAP does not share this view. El Gocho feels that the issue ought to be addressed around midyear, after it has been sufficiently analyzed in each of the sections, after a decision has been made as to who will leave the administration and return to Congress and after the corresponding agreements have been hammered out with sectors and well-known figures outside the party.

The report that the acting secretary general, Deputy Humberto Celli, submitted at last Thursday's CDN meeting addressed all of these problems, albeit somewhat superficially. The other issue, which the National Political Committee clarified, had to do with the need to approve the electoral reform in connection with the municipal elections. The CPN met right after the National Steering Committee.

#### Izaguirre's Task

Alejandro Izaguirre is one of AD's major leaders. In the white party and in the world of Venezuelan politics in general he is known by the affectionate nickname "the policeman." He is a serious, hardworking man who is thoroughly familiar with AD's inner workings. He has occupied very high party posts; not only has he sat on the CEN for many years but from 1973 to 1977 he was the national organizational secretary and from 1977 to 1981 served as secretary general. Therefore, this is the second time that he has held the post of party chief.

Izaguirre is 62, was born in Valencia in Carabobo State and is an attorney of the republic. He has held various posts in government and as a representative of the people. Prominent among the former are president of the National Agrarian Institute and Venezuelan ambassador to the Dominican Republic. For several terms he has represented his native state in the Senate of the Republic. At present he chairs the Defense Committee of the upper house, which is one of the most important in Congress. During Pope John Paul II's visit to Venezuela, Senator Alejandro Izaguirre was named chairman of the special commission that coordinated the supreme pontiff's stay in our country. The new head of the AD CEN had a long and outstanding teaching career in the University of Carabobo, where he eventually served as dean of the Law Department. Izaguirre is married to Haydee Leon de Izaguirre, with whom he has had four children, all of them boys.

Izaguirre is acknowledged to possess great political skills and fine negotiating abilities, besides having many friends in the country's various sectors. Therefore, it will not be difficult for him to perform the delicate task with which his party has entrusted him.

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#### AD Labor Leaders' Participation in Perez' Campaign Announced

33480047c Caracas EL UNIVERSAL in Spanish  
18 Dec 87 p 1-12

[Text] Antonio Rios, the national union secretary of AD, is guaranteeing that the party's workers, especially their leaders, will work actively for Carlos Andres Perez (CAP) in the election campaign. He is convinced that CAP is the best choice for 1988 and that "he cannot be beaten by any other candidate."

Rios has been meeting with Alejandro Izaguirre, the secretary general of political organization, and with the leaders in charge of running the upcoming election campaign, to put together the teams of labor leaders who will take part in the campaign. He pointed out that "we workers are going to work without rest so that Carlos Andres Perez is the next president of the republic." He noted that "as president, Perez will see to it that the country confronts its problems, especially in the economic and financial sphere."

"We are going to form a single bloc to fight for the Carlos Andres' candidacy because we believe that our duty is to see to it that a politician of his stature, who is sufficiently familiar with the problems we are experiencing, serves as president of the republic during the next 5-year constitutional term. We Venezuelans will not be able to improvise; rather, in 1988 we have to elect a president who can really confront our problems and lead the country along paths of prosperity and political stability," Rios underscored.

He indicated that the AD electoral teams would be ready by January, the hope being that they will include representatives of organized labor, whose "policy is to do everything possible to make CAP the next president." He pointed out that "just as we waged a struggle during the internal campaign, we are going to pursue this same course of conduct because we feel that Jaime Lusinchi must be succeeded in 1989 by another AD man."

"Eduardo Fernandez," he noted immediately thereafter, "will in no way be able to diminish the following that Carlos Andres Perez has in the country, particularly in the low-income sectors. COPEI will not be able to portray itself as a 'savior' because we have already had the bitter experience of Luis Herrera Campins' administration. Therefore, we feel that CAP looks unbeatable and that he will become president in 1988."

Rios was also asked about the country's prospects this coming year. He said that the situation is complicated, owing to the world economic situation, "but we have hopes that measures will be implemented to resolve our problems, especially to help keep the wages of the workers at acceptable levels." He mentioned that the CTV [Confederation of Venezuelan Workers] would have to make new demands on the administration to benefit wage earners, "who are watching their income shrink every day." He stated that "in spite of the criticism of the finance minister, measures will have to be taken to improve wages."

"What do you think of the changes that are being announced in the executive retinue?"

"In a democracy such changes are always favorable. This does not mean that there are failings or shortcomings, but rather that the rotation of personnel streamlines administration action. There has been talk of changes, but as of now there is no official information in this

regard. Let us hope that the president of the republic so notifies the party's National Executive Committee and that the news is later made public so that we can properly voice opinions on the issue. I emphasize, however, that changes are always appropriate and necessary."

Rios said in conclusion that the situation inside AD has been gradually returning to normal after the usual problems prompted by the pre-campaign. He indicated that "we have been seeing some degree of meshing, which without doubt is going to redound to the benefit of the Perez candidacy."

8743

### Carlos Andres Perez on Political, Economic Plans

#### Electoral System Reforms

33480056 Caracas EL NACIONAL in Spanish  
15 Jan 88 p D 1

[Article by Alfredo Palacios]

[Text] Carlos Andres Perez, the presidential candidate of Democratic Action, has announced that he will go beyond what the Presidential Commission for State Reform (COPRE) has proposed in the area of elections.

Former President Perez said that he favors an in-depth democratic reform of the political parties, which in his judgment will allow for a radical transformation of the Venezuelan electoral system.

He declined to delve further into government reform because he will be making a public pronouncement on the matter in a few days. He will do so, it was learned, at the special session of the Caracas Municipal Council commemorating its 30th anniversary on 23 January.

Nonetheless, Perez did let it be known that he favored the direct election of governors, adding that the constitution first had to be amended to insure the proper implementation of such an arrangement.

The presidential candidate was emphatic in pointing out that he is not vying for party leadership with anyone. He made this remark in connection with the alleged struggle for the AD leadership between him and chief of state Jaime Lusinchi.

Carlos Andres Perez voiced these opinions in a courtesy visit that he paid to EL NACIONAL around noon yesterday. The presidential candidate was accompanied by his campaign manager David Morales Bello and the heads of the operational units of the command: Evangelina Garcia Prince (promotion of women), Simon Alberto Consalvi (mass media) and Hector Alonso Lopez (new voters).

Their hosts were Felix Miralles, the president of C.A. Editora EL NACIONAL; Jose Calvo Otero, vice president; Miguel Henrique Otero, executive director; Alfredo Kann Aguilar, general manager; Franklin Whaite, publisher; Alvaro Benavides La Grecca, editor in chief; Maria Luisa de Silva, public relations manager, and reporters Amado Fuguet and Alfredo Palacios.

Shortly before lunching with his hosts, the former chief of state was warned that he would be "kidnaped" for an interview. Perez gladly agreed but asked that no one pay the ransom because he has always opposed this method of ending kidnappings.

Three political issues were broached with the AD leader: reform of government, reform of the political parties and party-administration relations.

With regard to the first, former President Perez stated that one of the historically far-reaching measures that President Jaime Lusinchi has taken was the creation of COPRE.

"I am certain that he interpreted a growing sentiment in the new Venezuelan society that is precisely the result of the democratic process that is in its 30th year. So then, it is no accident that serious polls show that there is astonishingly mass acceptance by the Venezuelan people. From a presidential initiative it has become a demand of the nation's masses, not just of the sectors that we could call deep-thinking but of all sectors of national life."

"Yet it would seem that the political will to carry these reforms forward is lacking."

"I think that this has to be properly articulated. I am planning to soon make a specific and thorough pronouncement on these problems of government reform. I will mention one thing, though. I do not see government reform as just a reform of electoral institutions. The reform has to include this, but also fundamental aspects of national governmental and para-governmental institutions, such as political parties, for example."

"But the reform of the electoral system has been one of the most controversial."

"Of course it is one of the most controversial because it deals with realities linked to political activity itself. But we have to begin by recognizing that the parties need reform. Democratic internal procedures have to be guaranteed in the political parties, because this would be the basis of the entire reform of the electoral system."

"I would like you to tell us specifically whether you agree with the following electoral reforms: midterm elections of councilmen..."

"I am not going to give you an answer on this right now," interrupted the candidate. "As I said, I'm going to make a comprehensive pronouncement on this matter, speaking not as AD's candidate but on the party's behalf. This prevents me right now from voicing a personal opinion. If a personal opinion is involved, I go beyond what has been proposed so far in the political reform."

Nevertheless, when pressed on the issue during the luncheon, Perez revealed that he favors the direct election of governors, as long as the National Constitution is amended to guarantee that the measure is proper. He fears that such an amendment will enable the parties to reach regional agreements for the election of the governors.

"VIP-ocracy" ["cogollocracia"]

"You spoke of a reform of the political parties. Yet AD is accused of being the one that installed the party 'VIP-ocracy.'"

"I don't think that's the case. What they are calling the 'VIP-ocracy' is, in fact, what exists in every organization in every society in the world. There is always a group of top leaders who without usurping the rights of the party's collective bodies, feel obliged to act as the organization's guides."

His reply went further. He made the following statement:

"It has been demonstrated sociologically that every organization has a tendency to age. If we look at the individual organism, aging is an unavoidable fact. But if we look at a collective organism, it is not an unavoidable fact because there is renewal, there is the interaction of several generations. The 'establishment' that exists in every organization conspires against this. A progressive party that wants to retain its capacity for renewal has to be very wary of the establishment. AD is already old enough so that we ought to be taking care and seeing to what extent the establishment is harming, weakening the chances for the organization's natural renewal."

"There are those in your party who want proportional representation for the selection of authorities. What is your opinion?"

"We have to establish arrangements that will continue to insure that the party's leadership bodies are renewed. But we must be very careful that such arrangements do not entrench factions within the organization. I think that dissent is essential to the life of parties and societies. To not accept it is a way of destroying the organization's internal workings. In this regard, we have to prevent a given sector from taking over the organization. This is what creates the phenomenon of political patronage, which is like a drug to an organization."

"But do you agree with proportional representation?"

"I think that we have to establish a way to make sure that major groups are represented in the party. But perhaps proportional representation is not the way. It could be the incomplete list, in other words, no group of candidates for a party leadership body could draft the entire list, for example. I don't deny that it could be proportional representation, but we have to look into it so that we do not adopt arrangements that will tend to splinter the organization and create parties within the party. It is indispensable, however, to avoid situations like the ones that we have witnessed in our party. For example, there have been elections for a party body in which one slate has won all the spots by one vote while the other half has been practically left out. This conspires more against party unity than proportional representation does."

Perez added in this regard that elections in parties ought to be run by the Supreme Electoral Council.

"This is a guarantee of internal party democracy. I also believe, and experience tells us, that we have to move increasingly towards a direct vote, in other words, our authorities must emerge from the vote of the activists, not the vote of the activists' representatives. For example, I believe that owing to the experience that we have had with the selection of the presidential candidate, the next candidate must be chosen by the direct and secret vote of all party activists."

"Leader Marco Tulio Bruni Celli recently proposed that AD should take statutory measures to enable independents to take part in the selection of party authorities. Do you share his view?"

"I do not reject a study of such an arrangement. We haven't thought about it, but it is perfectly possible that an in-depth reform of internal electoral structures could include this. Although it could lend itself to maneuvers by people who are from other parties to ruin a given election in a party."

He went on to say that these are issues on which we ought to remain open, because in his judgment the parties' field of action has been greatly restricted.

"Not only for the independents but also for the activists themselves. I said at a meeting with young professionals that I wouldn't advise them to join AD, because they would have better chances if they remained independents. And I told them that if they belonged to the party, maybe I wouldn't be meeting there with them."

#### **I Am Not Vying for Leadership**

"It is a secret to no one that party-administration relations have not been at all good in recent times. Do you think that this situation has to be overcome in order for the administration to do a good job?"

"I have said, and I will keep my word, that at a given moment I am going to submit to the party a clear proposal of how party-administration relations ought to be, so that it can be discussed and approved. No AD administration has had a clear-cut prescription for managing these relations. This causes some turmoil at times. In general, though, I can tell you that there has been an essential accord between party and administration in all governments."

"AD's current internal problems are said to be directly related to the struggle for party leadership between you and President Lusinchi."

"This sort of comment shows in a way that amid the transformation that the Venezuelan State has been undergoing, some political commentators and politicians are still living in the past. The leadership that used to exist in the parties will never again exist. Romulo Betancourt, the absolute leader of AD, will never again exist in AD, and during the lifetime of the COPEI leader we have seen a similar development. That sort of leadership is over. There is collective leadership. Of course there are party leaders who have more influence than others."

"So you're not vying for leadership with President Lusinchi?"

"I don't feel in any way that I'm vying for leadership with anyone, nor does anyone's leadership in the party bother me. The facts will bear this out. Right now, for example, AD's number one leader is named Jaime Lusinchi because he is the president of the republic."

"Yet there are those who are commenting that the battle for leadership is reflected in Miraflores demand for a share of decision-making power in drafting the slates of candidates for the deliberative bodies."

"That would be absurd, and so would my seeking to be the great elector. I have said that I will not play a leading role in selecting the party's candidates for Congress. The National Executive Committee and the Sectional Committees will make the decisions. One must understand that even though AD enjoys a majority, Congress must perform the function of monitoring the Executive Branch."

#### More on Reforms

33480056 Caracas *EL NACIONAL* in Spanish  
15 Jan 88 p D 1

[Article by Alvaro Benavides La Grecca]

[Text] Carlos Andres Perez visited *EL NACIONAL* in the company of David Morales Bello, Simon Alberto Consalvi, Hector Alonso Lopez and Evangelina Garcia Prince. What is the meaning of their selection? Not in the sense that they were chosen to accompany him, but rather that others were not with the candidate at this

important public appearance. We will soon see the commentaries of political analysts and the inevitable explanations. From each side.

After the candidate and his companions made their respective "declarations," which are reproduced in this same issue, we had a cordial talk in which, as expected, Carlos Andres Perez was the focus of attention. He talked with restrained emphasis about the accomplishments of what he himself called "my first government," a phrase that recalled the previous election campaign. Such message crossing is no longer unusual, because an exchange of campaign symbols, expressions and strategies has become common by now.

Carlos Andres Perez is once again in an electoral battle, and he is one of the very few Venezuelans who have a real chance to become president of the republic. Thus, his views on the foremost issues of national life are of particular importance to Venezuelans.

"Youth unemployment," he said, "is one of the most serious problems that we face at present, and we must resolve it at whatever cost, because it creates dangerous social breakdowns that increase crime."

After 30 years of democracy, during which time Carlos Andres Perez has played a frontline role, our country still suffers from a severe malady. It is probably the gravest of all and the one that most dramatically threatens the survival of democracy: the breakdowns in our justice system, including inefficiency, disrespect for individual rights and corruption. "The problem starts at the bottom, the way in which judges are chosen. Our country needs a genuine reform of its judicial system."

"If you are elected president, will you take into account the recommendations that the Presidential Commission for State Reform has made in this regard?"

"Of course. I want to take this opportunity to say that the most far-reaching historic decision of President Jaime Lusinchi's administration was precisely the creation of COPRE."

"Don't you fear that the intense social crisis that Colombia is now undergoing is a threat to our democratic stability?"

"The decisions that we must make in Venezuela to halt the terrible threat of drug trafficking cannot stop at a border, because what happens is that boundaries then become refuges for drugs. We must modify our concept of sovereignty and spur the integration of the two countries so that we can successfully tackle the problem. Sovereignty cannot exist to foster corruption."



### **Economic Views, Nationalization**

33480056 Caracas *EL NACIONAL* in Spanish  
15 Jan 88 p D 7

[Article by Amado Fuguet V.]

[Text] Carlos Andres Perez, the presidential candidate of Democratic Action, outlined his economic thinking during his visit to EL NACIONAL. He made some disclosures about his ideology that were not widely known in the country until now.

He no longer belongs to the nationalization school, having hopped on the privatization bandwagon, though he still contends that basic enterprises ought to remain in State hands. He is worried, however, about the "conservatism" of Venezuelan Petroleum (PDVSA) as it fails to open up to the private sector.

He came out against the nationalization of the banks, something that many thought he supported because of his ties to Alan Garcia. Nor does he believe that the debt can be negotiated as a bloc, although he does feel that some general conditions can be, so that each country can bargain with its creditors. Among other things, he announced that he would push for Venezuelan membership in GATT, but while demanding equal conditions so that the developed countries abide by the rules of international trade.

### **National Plan**

"Experience has taught us in Venezuela that national plans are carried out only partly or not at all. How will you approach the plan for the next 5 years?"

"Without making value judgments about other plans, I would venture to say, and if necessary prove, that the Fifth National Plan was carried out. It was the most controversial in the democratic history of Venezuela. Fortunately, part of the controversy, if the situation were repeated today, would not exist because it has been shown that we were right when we chose to make bold decisions and take advantage of circumstances that will perhaps never again arise for our country. I tried something else, which regrettably did not work out within our weak rule of law. It should have been repealed if it was not going to be complied with, but the government that followed mine failed to comply with it, but did not repeal it, which is a violation of the country's administrative law."

The candidate stated that "this time I will try to have the plan made a law of the republic, because we have to make the construction of the country a serious matter, because a president's whim should not be able to alter issues that are fundamental or that have entailed an investment such that they must be continued."

"Venezuela today is not the Venezuela of 1974. I am not one of the pessimists who believe that the post-petroleum era has arrived, but I do believe that economic policy must be selectively expansionary, so that we can keep on growing."

### **The Foreign Debt**

"But there is an impediment to growth right now in Venezuela: the foreign debt."

"This is one of the most controversial issues that we have at present in Venezuela, Latin America and the world. There is no doubt that the debt payback conditions that the industrialized nations and the creditors want are impossible. There is no national or international legal reason or moral reason that can oblige a country to sacrifice the welfare of its inhabitants and its right to development to meet international commitments, and history tells us so. Defeated Germany wound up not paying its debt. Now then, to say absolutely that we refuse to acknowledge our commitments is also impossible from a legal and moral standpoint, especially in a world in which national economies do not exist."

He argued that if anything has become global, it is the economy. "We belong to an international financial system, so we have to honor the commitments that exist beyond a country's own national will. What I do disagree with are the conditions under which the debt has to be repaid; the conditions have to be based on what the country's requirements are. Therefore, I think that the debt, international trade and financing have to be linked. And along with this we have to talk about the inevitable and necessary struggle against protectionism, which is making increasing headway against our countries. Therefore, debt servicing has to be brought in line with our exports."

"So are you ruling out negotiation as a bloc? Wouldn't you be willing to head up such a movement?"

"I don't think that negotiation as a bloc is possible, because the situations of the countries involved are very different. What must be set as a bloc are the conditions under which each country can and must negotiate individually. We have to follow the examples of the industrialized countries. The OECD meets and sets the framework for its world economic activity and sets the rules by which they seek to manage the world's developing economies. We have to do likewise. I enthusiastically hailed the Meeting of the Eight, even though it is still mostly talk, but it marks the beginning of something that is indispensable in Latin America for concerted action. Each country and each government must unavoidably realize that what has been done up to now, the belief that individual negotiations without links to a global framework are better, has not worked."



### Regional Organizations

"What do you think of the initiative to create a Latin American Monetary Fund, which is going to be discussed this Friday in Caracas?"

"This is one of the things that we have to begin to strengthen. The Andean Reserve Fund has now demonstrated its importance in addressing our problems. It has demonstrated this clearly. We have to strengthen it by expanding it and asking nations that are interested in our region to contribute, like Japan. I agree with these new concerned initiatives that are emerging in our countries in light of the crisis. That's why I'm definitely an optimist and I see my next administration as having a great chance to achieve these solutions."

"Might a future Perez administration negotiate membership for Venezuela in GATT?"

"This is very important. It is regrettable that some countries have joined GATT without negotiating. Here is where concerted efforts among all Latin American countries is necessary, and SELA [Latin American Economic System] would be an extraordinary tool. It is inevitable that we will join GATT, but we must do so within a framework of proposals, while demanding that certain controls be established so that the big nations do not violate the organization's agreements, as the United States and Europe have done."

### Regional Leadership

"Alan Garcia, who is identified strongly with you, nationalized the banks. What approach will you take to the Venezuelan financial system?"

"Before answering your question, I would like to make a general observation. It is my good fortune to have a very important international presence, to be in touch with all of the leaders of Western democracy and to have relations as well with the Eastern bloc. This stems from my own conviction that the solutions for our countries are not be found in our countries but rather in international politics. Soon (he leaves on the 24th) I will be the first Latin American to speak before the Organization of African Unity. Then I will be in Rome to speak at the 10th anniversary of the International Fund for Agricultural Development, and after that I will be in Switzerland to deliver a lecture at the most important business forum in the world. In April I will be the annual speaker at Harvard."

He added that "all of these circumstances encourage me because they will be very useful for Venezuela and the region."

"I think that the only choice in Latin America is integration, and in this regard I will venture to be dogmatic. European integration was preceded by two world wars. So we should not feel anxious because integration has

been delayed somewhat. The structure of great economic nationalities will lead us little by little to the conviction that it is necessary. This is why I have relations with all of the chiefs of state of Latin America, except Pinochet and Stroessner."

### The Nationalization of Banking

In this context Carlos Andres Perez explained that Alan Garcia's administration is among those that are promoting a new Latin America, as are Alfonsin's and the new Brazilian democracy in their own way.

"I think that given his country's realities, Alan Garcia is pursuing realistic policies but has made mistakes. For example, I think that the procedure that he used to nationalize the banks has caused him tremendous difficulties. But what people don't realize is that Peru does not intend to nationalize the banks, because at this moment a bill to privatize regional banks is being processed. The two nationalized banks were two holding companies that ran all of Peru's major companies and that choked off private enterprise because they had become big monopolies and oligopolies. That is Alan Garcia's justification for the step that he took."

"Isn't this called for in Venezuela?"

"Nationalizing the banks in Venezuela would be creating a totalitarian State, plain and simple. We must realize that Venezuela is atypical in the entire democratic world. It is the only country in which the State is wealthy, in which the private economy depends on the State, because of our oil wealth. So, the State already has a great deal of control over the granting of loans. To nationalize the banks would be to turn the State into a totalitarian entity."

Perez explained that experience teaches us that governments throughout the world control the banks to defend savings, which belong to the public, not to the bankers.

"Consequently, we have to improve our Bank Superintendency system. In fact, I favor shifting it to the Central Bank of Venezuela, to give it more independence and make it more effective."

### Privatization

The AD standard-bearer seized on this issue to make a very important statement:

"I want to state most emphatically that as far as the ideology of the parties is concerned, we are living in the past. The science and technology of our time have altered and shaken all ideologies, as is being shown by Gorbachev's 'perestroika' and what Deng Xiaoping is doing in China. A great revolution is under way that is striking down a whole series of ideas about statism. Democratic socialism has nothing whatsoever to do with

nationalization. It must move towards the democratization of capital, towards the struggle against oligopoly, towards a better distribution of income, but not on the initial premise of nationalization."

"So will you thus be a standard-bearer of privatization, as Felipe Gonzalez has been in Spain?"

"We have to be careful with these terms. To me, according to our ideology, the basic enterprises, and absolutely nothing else, have to be state-owned, because the country's independent development and chances for a better distribution of wealth depend on them."

"And what about public services?"

"Some have to be state-owned, because no private firm could ever run them. Does anyone think that here in Venezuela private firms could have built the Guri [dam]? Impossible. But a lot of things have been proven about the out-of-vogue theory that transportation could be city-run. With the necessary government controls, transportation has to shift gradually to the private sector."

"And what about the post office and telephone company?"

"Those services are either transnational or state-run in a country like ours. The costs and modernization of the telephone system can only be defrayed by the big international trusts. We would be placing strategic areas in the hands of international consortia, which is not good for the country. But there is no reason why the Venezuelan Government has to run hotels or grow crops like sugar. In areas like fossil fuels it can do only the basic things; all of the companies that are outgrowths of this should shift to the private sector or be mixed, even with the participation of international capital."

"What sort of companies?"

"As many as can be. I am a harsh critic of Venezuelan Petroleum's conservatism in the area of petrochemical development. I regret to say that I believe we are again missing the boat in world petrochemicals. We are getting left behind while other countries are forging ahead, and by the time we get going, we are going to find it impossible to compete. This is not good. We are not giving the private sector the chance to expand our oil capacity more rapidly, either alone or in conjunction with PDVSA. So that is my clear and categorical position on the matter. If I had thought that the nationalization of the banks was a national need or was consistent with our political philosophy, I would have done it."

"And what about now, when the conditions have changed?"

"Less so now, because I think that in our economy we have to try and remove ideology as much as possible from a series of measures that we have to take, because the interests of the public and private sectors converge

there for economic recovery. If these two components do not march together, it will be impossible to take the steps towards a real expansion of our economy that will provide an answer to the tragic problem of unemployment in Venezuela."

"Aren't you afraid of the exchange rate situation?"

"I think that we have to decide on a comprehensive economic policy, one of whose goals should be a single exchange rate. This entails comprehensive planning of the Venezuelan economy."

Lastly, with regard to the Unjustified Dismissals Law, he said that it was passed because the Confederation of Venezuelan Workers had called for a Job Tenure Law, adding that in his future administration he would negotiate piecework with the trade and labor unions to create jobs for many unemployed people and to prevent business costs from rising. "Moreover, the unemployment problem among young people must be resolved at all costs because it creates conflicts."

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#### **Technological Support for Space Program Sought From PRC, USSR**

##### **Specific Areas of Needed Technology Identified**

*33420032a Rio de Janeiro O GLOBO in Portuguese  
29 Nov 87 p 18*

[Text]Brasilia—Since April, when the seven most industrialized Western nations—the United States, Germany, France, England, Canada, Japan, and Italy—decided at a meeting in Washington to suspend the sale of satellite components, systems, and parts, and even technical assistance to developing countries, Brazil turned to China and the Soviet Union in search of technological support to develop its space program.

In the case of Brazil, the rationale used by the "Big Seven" for the boycott was the growing development of the parallel nuclear program and the risk that this program could be added to the space program being developed by the National Space Research Institute (INPE) and the Aerospace Technical Center (CTA), bearing in mind the manufacture of strategic missiles.

The military ministers have more than once stated that the Brazilian nuclear program is peaceful in character, but those guarantees were considered inadequate for the 7 Western nations. Result: with the lack of support for the Satellite Launching Vehicle (VLS), the Brazilian space program suffered a 1-year delay.

Among the difficulties presented is the lack of a reliable guidance system for the VLS. Brazil's production of inertial platform elements is in the experimental stage. It also needs liquid fuel technology. China has both. On the other hand, it needs a reliable technology for solid fuel—which is more appropriate for its ballistic missiles—which can be supplied by the CTA in San Jose dos Campos (Sao Paulo). Another advantage offered by Brazil to its new partners is the location of the Launching Base at Alcantara (Maranhao), which is near the equator, permitting use of the earth's rotation as a kind of slingshot to help accelerate rockets. With this assistance, bigger cargoes can be launched with less energy output by the launch vehicle.

Soviet cooperation is taking a different route: remote sensing. The Soyuz Karta, an enterprise responsible for marketing Soviet space technology, intends to sell Brazil the information garnered by the satellites in the Cosmos series. Brazil also is interested in this technology to launch its own remote sensing satellites in the 1990s.

The most concrete proposals for cooperation are being made by the Chinese, and there is a real possibility for development of a joint project. According to an employee of Itamaraty, the Brazilian government wants to give priority to agreements that will signify an effective exchange of technology, and not a mere exchange of products and services.

The agreements with China had already begun in 1982, when an accord for scientific and technological cooperation was signed. In 1985 and 1986, there were meetings of the Brazil-China Joint Commission, where the matter was also broached. The then Minister Science and Technology, Renato Archer, visited China, along with the Director General of INPE, Marco Antonio Raupp. Next week, China's Vice-Minister of Astronautics will come to Brasilia and will visit INPE and CTA in Sao Jose dos Campos. The signing of additional protocols is not foreseen, but the visit is intended more as a stage in the negotiations. Cooperation with China envisions the building of remote sensing satellites and the exchange of goods and services, in addition to launching satellites.

The decisions may be made during President Jose Sarney's visit to Beijing next year.

#### **More Frequent Contacts With China Made**

Sao Jose dos Campos—Brazilian progress in several fields of scientific and technological knowledge and the country's great potential for utilization of resources and foreign technology constitute the chief inducements for a large number of foreign nations and research institutions to come to Brazil to present and discuss proposals for technical, scientific, and industrial cooperation. At present, the demand is greater on the part of the Asians, who are mainly interested in space technology. To get an idea, in the last 20 days representatives from at least 6 countries have arrived.

The most frequent contacts are made with China, which next week will send a delegation to the National Space Research Institute for another round of negotiations. The mission is led by the Vice-Minister for Astronautics, Bao Kenning, and includes technicians from the Ministry of Aeronautics, the Space Technology Academy, and the China Great Wall company, which is responsible for space negotiations for China abroad.

The proposal, which serves as a starting point for joint projects, is to build a satellite for remote sensing of natural resources to be launched in 1995. It would be a 1000-ton vehicle, placed in orbit at an altitude of 400 km, to be marketed by both countries. The main objective, however, is the creation of small joint programs for development of satellite systems, components, and parts.

These small programs, which are in the interest of both countries, will be the channel through which considerable trade in space subsystems will be established. If necessary, 3-way operations will be undertaken, in which one country will resell to another the equipment not obtained in normal, direct trade due to restrictions by the producing countries.

The thing that most interests the Chinese at this time is the purchase of medium- and large-capacity computers, compressors, refrigerators, refrigerated chambers, and electronic components that it is unable to buy in the West. Brazil would enter as a direct supplier in some cases—there are direct accords with the Imbraco company of Santa Catarina to buy compressors—or it would purchase abroad some models of computers to be resold to the Chinese. In return, they offer the technologies of rocket launching, thermal treatment, and systems for satellite altitude control and rocket and missile guidance, among other items.

The accords for that system of cooperation and China's commercial offer to launch the first Brazilian satellite in 1989—the development of the Brazilian Launch Vehicle is behind schedule and will not be completed in that year—are being discussed by an advance team from China and it is expected that the final documents will be signed next week, right after the visit of President Jose Sarney to the National Space Research Institute.

#### **Raupp Says Soviets Offer Little**

Sao Jose dos Campos—The Director General of INPE, Marco Antonio Raupp is awaiting the visit of scientists from the Soviet Union in the next few weeks, but he is skeptical: "To date, the Russians have only made very limited scientific proposals to us, and what we need most at present are the technologies that we know they have mastered."

Raupp hopes that the Brazilian government will continue searching for new possibilities for exchange, in the same way as will be done with China. The developed or purchased parts receive a value that is added into the

bilateral trade to result in a zero balance. This is what is now occurring with Hungary: INPE needs VAX computers that the Americans do not want to sell, but the Hungarians have perfect copies of the equipment and they have a trade deficit with VALE of Rio Doce.

With Canada, the accords provided for training and equipment, such as land-based stations for communications with aircraft and shipping accident alert satellites, and satellite mission control technologies. Another area of great cooperation is with France, which is now more restricted to commercial contracts for consulting and technical assistance. Exchange with Germany is carried out mainly in scientific research and propulsion. Technical advice and technologies for use of remote sensing satellites are also obtained jointly with the European Space Agency, and now can come from Japan as well, which is proposing a program that includes the participation of INPE in the development of scientific satellites and rockets—compensation for the purchases that INPE is making in the Japanese electronic components market.

**Mission From China Comes To Discuss Space Accord**  
*33420032a Rio de Janeiro O GLOBO in Portuguese*  
24 Nov 87 p 7

[Text] Brasilia—A delegation from the Technology Ministry of the People's Republic of China arrives in Brazil tomorrow at the invitation of the Minister of Science

and Technology, Luiz Henrique Lima, to visit various research institutions linked to the Complete Special Mission of Brazil, which will launch a satellite in 1991.

At the National Special Research Institute (INPE) in Sao Jose dos Campos, the group will take part in discussions to define China's future cooperation with Brazil in the field of space. According to sources from the Ministry of Science and Technology and the Embassy of China in Brazil, the discussions will be limited to monitoring and power-supply systems for satellites and equipment for rocket tracking.

China, like Brazil, has shown itself to be quite interested in obtaining self-regenerating mini-reactors of the fast-breeder type, used in satellites. This system of power supply increases the useful life of satellites by 300 percent, compared to the system of obtaining energy by means of solar cells. A satellite powered by solar cells lasts, on average, 7 years. With a mini-reactor powered by plutonium, this same satellite would have a useful life of 20 years. This technology has been mastered only by the Soviet Union, which employs it in its Cosmos series. The studies in the Aerospace Technical Center on the manufacture of an experimental fast-breeder are in the advanced stage. On the other hand, the Chinese are more advanced in satellite-monitoring and rocket-tracking systems employing advanced techniques, such as the technique for utilization of special ships with large radar antennas.

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